BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS

Establishing a Docket and Opening a Rulemaking Proceeding to Establish a Renewable Portfolio Standard	)))	**Docket No. UD-19-01**

ADVISORS' REPORT ON RENEWABLE PORTFOLIO STANDARDS

Pursuant to Resolution No. R-19-109 ("Resolution"), the Utility Advisors to the Council of the City of New Orleans ("Advisors") submit this Report. The Resolution opened a rulemaking seeking public comment on establishing a Renewable Portfolio Standard ("RPS") for the City of New Orleans ("City"). In this Report, the Advisors discuss the comments made by the parties, and set forth for public comment three possible alternative RPS structures. While the Council of the City of New Orleans ("Council") initiated this rulemaking proceeding with the intention of adopting a simple RPS, parties to the case have brought forward at least two alternative models that are worthy of further exploration and discussion before the Council renders a decision, and it is the Advisors' recommendation that the Council carefully consider the different purposes and goals that an RPS or similar standard can accomplish and which model is most closely aligned with the Council's public policy goals for the City. To that end, this report explains the different models set forth, changes the Advisors would recommend to each of the parties' proposals, and the Advisors' expectations of the success of each model in attaining the goals set forth.

Given the unique vulnerability of New Orleans to the devastating consequences of climate change and the urgent need for decarbonization to prevent dangerous levels of global warming, the Council has long pursued the goal of getting cleaner, reliable, reasonably priced power for New Orleans. This RPS rulemaking builds on over a decade of prior initiatives by the Council, which

include the adoption of Net Energy Metering ("NEM") Rules for rooftop solar in 2007,[1] the establishment of the Energy Smart energy efficiency and conservation program in 2009,[2] the issuance of guidance on the creation of a decoupling rate structure in 2016,[3] the revision of the Council's Integrated Resource Plan ("IRP") rules in 2017 to expressly require the consideration of renewable resources, demand-side resources and distribution resources in the IRP,[4] the approval of full implementation of Advanced Metering Infrastructure ("AMI") across the ENO service territory in 2018,[5] the approval of ENO's project to build 5 MW of distributed-generation scale solar within New Orleans in 2018,[6] the modification of the Council's Customer Service Regulations to allow the release of aggregated whole building energy use data to building owners for benchmarking and energy efficiency purposes in 2018,[7] and both the adoption of Community Solar Rules[8] and the approval of ENO's 90 MW portfolio of renewable resources earlier this year. As a result of the Council's regulation of and careful attention to ENO's resource portfolio, ENO's current carbon dioxide emissions rates are well below national average.[9] Indeed, the *Climate Action for a Resilient New Orleans* issued by New Orleans Mayor Mitchell J. Landrieu in July 2017 noted that the per capita pollution rate for Orleans Parish is relatively low compared to other U.S. cities "largely due to the high amount of low-carbon energy already in our electricity mix compared to other cities."[10]

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[1] *See* Resolution No. R-07-132.
[2] *See*, Resolution No. R-09-136.
[3] *See*, Resolution No. R-16-103.
[4] *See*, Resolution Nos. R-17-332 and R-17-429.
[5] *See*, Resolution No. R-18-37.
[6] *See*, Resolution No. R-18-222.
[7] *See*, Resolution No. R-18-539.
[8] *See*, Resolution No. R-19-111.
[9] ENO Comments at 4.
[10] City of New Orleans, Climate Action for a Resilient New Orleans, July 2019 ("Climate Action Plan") at 18.

In Resolution No. R-19-109, the Council initiated this rulemaking proceeding and opened the instant docket to consider four essential questions - What should an RPS target for New Orleans be? What resources should count toward satisfying an RPS? How should an RPS be enforced? How should the Council protect ratepayers from unreasonable rate increases caused by compliance with the RPS? The Council sought input from interested parties on these questions and any other issues relevant to the development of an RPS, and several parties responded. Comments were filed by Entergy New Orleans, LLC ("ENO"), the Alliance for Affordable Energy ("AAE"), Air Products and Chemicals, Inc. ("Air Products"), the Center for Climate and Energy Solutions ("C2ES"), Audubon Louisiana ("Audubon"), Sierra Club, the Southern Renewable Energy Association ("SERA"), the Gulf States Renewable Energy Industry Association ("GSREIA"), 350 New Orleans ("350 NOLA"), PosiGen Solar, and the Energy Future New Orleans Coalition ("EFNO"), which is a coalition of 350 NOLA, AAE, Audubon, the Deep South Center for Environmental Justice, PosiGen, Sierra Club, SREA and Vote Solar. Air Products opposes the adoption of a mandatory RPS,[11] and ENO supports the adoption of a Clean Energy Standard ("CES") voluntary goal rather than a mandatory RPS.[12] All other parties generally support some form of mandatory RPS, with the EFNO coalition proposing a Resilient and Renewable Portfolio Standard ("R-RPS).[13]

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[11] Air Products and Chemicals Inc. Response to Request for Comment, at 1, filed June 3, 2019, Docket No. UD-19-01 ("Air Products Comments"); *see also*, Air Products and Chemicals, Inc. Reply Comments at 1, filed July 15, 2019, Docket NO. UD-19-01 ("Air Products Reply Comments").

[12] Entergy New Orleans, LLC's Comments in Response to Council Resolution R-19-109 Concerning the Establishment of Renewable Portfolio Standards at 2, filed June 3, 2019, Docket No. UD-19-01 ("ENO Comments"); *see also* Entergy New Orleans, LLC's Reply Comments in Response to Council Resolution R-19-109 Concerning the Establishment of Renewable Portfolio Standards, at 2, filed July 15, 2019, Docket No. R-19-01 ("ENO Reply Comments").

[13] Joint Reply of 350 New Orleans, Alliance for Affordable Energy, National Audubon Society, Deep South Center for Environmental Justice, PosiGen Solar, Sierra Club, Southern Renewable Energy Association, and Vote Solar (Collectively the "Energy Future New Orleans" Coalition of "EFNO") Proposing a Draft Resilient and Renewable Portfolio Standard for the City of New Orleans, at 1, filed July 15, 2019, Docket No. UD-19-01 ("EFNO Reply Comments").

Best Practices and Recent Developments in the RPS Landscape

The National Renewable Resource Energy Laboratory's ("NREL")'s recent publication, *International Best Practices for Implementing and Designing Renewable Portfolio Standard (RPS) Policies*, recommends that policymakers should use analysis to inform RPS design, gather stakeholder input in developing targets and RPS design, identify eligible renewable resource types and ages, clearly define the RPS, ensure compliance via enforcement, and provide a cost-containment mechanism.[14] These best practices are generally consistent with best practices considered in other reports,[15] and the Council's resolution initiating this rulemaking proceeding.[16]

A majority of U.S. states (37 in total) have now adopted a renewable portfolio standard or goal,[17] and while a few have experienced challenges, most have been generally successful in achieving the goals they have set with only a modest impact on electricity rates.[18] As of June 2019, 29 states and Washington, D.C. have a renewable portfolio standard with three having a Clean Energy Standard.[19] In addition, eight states have renewable portfolio goals and two have clean energy goals[20] For some time, revisions to RPS goals were simply adjustments to the goals, usually increasing them as the target was approached. But RPS strategies are changing and Clean Energy Standards are a rising new trend. California added a Clean Energy Standard to its existing RPS in September of 2018,[21] and during the pendency of this rulemaking proceeding, four other

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[14] JENNY HEETER, BETHANY SPEER, AND MARK B. GLICK. *International Best Practices for Renewable Portfolio Standard (RPS) Policies*. 2019. Golden, CO: NATIONAL RENEWABLE ENERGY LABORATORY. NREL/TP-6A20-72798. https://www.nrel.gov/docs/fy19osti72798.pdf

[15] See, e.g. Recommended Principles And Best Practices For State Renewable Portfolio Standards, prepared and endorsed by the State/Federal RPS Collaborative, 2009, with support from the Energy Foundation and the US Department of Energy through the National Renewable Energy Laboratory available at: https://www.cesa.org/assets/Uploads/Resources-post-8-16/Principles-Best-Practices-RPS-2.pdf

[16] Resolution No. R-19-109.

[17] https://s3.amazonaws.com/ncsolarcen-prod/wp-content/uploads/2019/07/RPS-CES-June2019.pdf

[18] https://www.cesa.org/assets/2013-Files/RPS/State-of-State-RPSs-Report-Final-June-2013.pdf at p. 11.

[19] https://s3.amazonaws.com/ncsolarcen-prod/wp-content/uploads/2019/07/RPS-CES-June2019.pdf

[20] https://s3.amazonaws.com/ncsolarcen-prod/wp-content/uploads/2019/07/RPS-CES-June2019.pdf

[21] California SB 100.

states have followed suit -- New Mexico adopted a Clean Energy Standard in March 2019,[22] Washington State adopted one in April 2019[23] and Nevada and Colorado adopted Clean Energy Goals in April and June 2019,[24] respectively.

This new trend is being driven by rising concern that a renewable portfolio standard alone is simply not enough to drive rapid decarbonization. As the impacts of renewable portfolio standards are becoming more evident and more studies are performed on the pace of climate change, leaders in the field are beginning to advance the position that renewable portfolio standards alone will simply not reduce carbon emissions quickly enough to avert the worst impacts of climate change. The Council has committed to upholding the commitments made in the Paris Agreement to limit temperature increases to 2°C by midcentury, but recent reports indicate that the post-Paris policies of the world's largest carbon emitters - the U.S., China and the European Union, are not aligned with this goal, and that in fact, after declines in the previous three years, the U.S. greenhouse gas (GHG) emissions rose in 2018 at a historically high rate.[25] Thought leaders such as former Secretary of Energy, Dr. Ernest Moniz are now promoting a broader approach than an RPS alone. His non-profit organization, the Energy Futures Initiative, recently published *The Green Real Deal, A Framework for Achieving a Deeply Decarbonized Economy*.[26] In that report, they find that optionality and flexibility are needed for technologies, policies and investments and that there are no clear "silver bullet" solutions to decarbonization at the present time.[27] They write:

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[22] New Mexico SB 489 44-22.
[23] Washington SBS116.
[24] Nevada Senate Bill 358 and Colorado SB 19-236.
[25] Energy Futures Initiative, The Green Real Deal, A Framework for Achieving a Deeply Decarbonized Economy, August 2019, at 3, available at: https://static1.squarespace.com/static/58ec123cb3db2bd94e057628/t/5d41c61878b170000194e2af/1564591645307/EFI+Green+Real+Deal.pdf (the "Green Real Deal).
[26] Available at: https://static1.squarespace.com/static/58ec123cb3db2bd94e057628/t/5d41c61878b170000194e2af/1564591645307/EFI+Green+Real+Deal.pdf.
[27] Green Real Deal at 11.

> Policymakers, state, cities, and communities need to be able to choose from a range of pathways for deep decarbonization by midcentury. They must also avoid prescriptive policies that could lock in suboptimal technologies and lock out opportunities. Economywide low-carbon goals are simply too challenging to permit a narrowing of options.[28]

The Energy Futures Initiative undertook a study to define the existing California clean energy landscape and recommend steps for accelerating the move to meet the state's carbon reduction goals by midcentury.[29] The study concluded that California can reach its 2030 and midcentury targets, but doing so will require success across all economic sectors, with multiple technologies contributing in each and a strong commitment to technology, optionality, flexibility, and innovation.[30] The Energy Futures Initiative conducted a comprehensive sectoral analysis for the 2030 targets that identified a portfolio of 33 clean energy technology pathways, covering all economic sectors and found that:

> Certain pathways, such as carbon capture, utilization, and storage (CCUS) offer tremendous emissions reduction potential in difficult to decarbonize applications (i.e. electricity load following and industry processes) but are not sufficiently supported in California to be deployed at scale. With this type of uncertainty, all pathways that offer measurable GHG emission reductions will be needed to ensure California reaches its near-term decarbonization goals.[31]

Their findings as to the potential for emissions reductions are demonstrated by the following figure.[32]

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[28] Green Real Deal at 11.

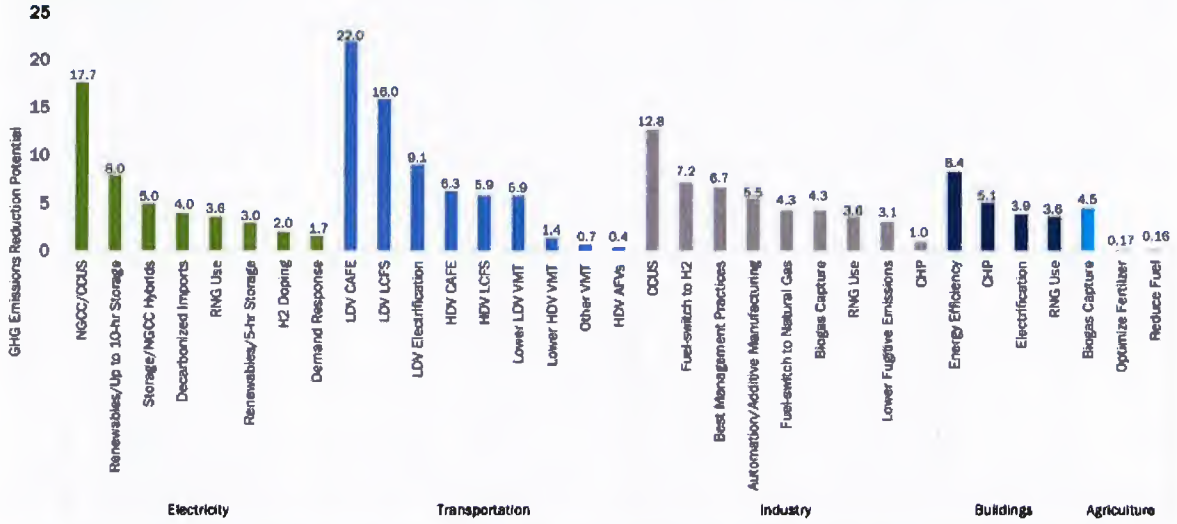
[29] Energy Futures Initiative, Optionality, Flexibility & Innovation, Pathways for Deep Decarbonization in California, May 2019.

[30] Green Real Deal at 12, Text Box 1.

[31] Green Real Deal at 12, Text Box 1.

[32] Green Real Deal at iv; *see also* Energy Futures Initiative, Optionality, Flexibility & Innovation, Pathways for Deep Decarbonization in California, Summary for Policymakers May 2019 at xvi, available at: https://static1.squarespace.com/static/58ec123cb3db2bd94e057628/t/5ced7013ee6eb03a466f546d/1559064604282/EFI_CA_Decarbonization_SFPM.pdf. AFV means alternative fuel vehicles, CAFÉ means corporate average fuel economy, CHP means combined heat and power, HDV means heavy-duty vehicle, LCFS low carbon fuel standard, LDV means light duty vehicle, NGCC means natural gas combined cycle, and RNG means renewable natural gas.

Figure S-3
Identified Emissions Reduction Potential for Meeting the 2030 Targets by Pathways ($MMTCO_2e$)



The estimated emissions reduction potential for each pathway is shown by sector. They are based on an attempt to meet California's target to reduce emissions economywide by 40 percent. This approach attempts to meet the target with an equal share from each economic sector. Source: EFI, 2019

This figure indicates that while the estimated emissions reductions potential for renewables paired with battery storage is significant, the potential for carbon capture, utilization and storage on natural gas combined cycle generation plants is more than twice that of renewables paired with 10-hour battery storage and more than five times that of renewables paired with 5-hour battery storage. It also indicates that electrification of vehicle fleets and energy efficiency both exceed the potential carbon emissions reductions potential of renewable energy. The Green Real Deal report also discusses the California study's conclusions:

> Meeting California's long-term decarbonization targets, including an 80 percent GHG reduction (or more) by 2050 and carbon-free electricity by 2045--is impossible without breakthrough innovations. Also, managing and operating a deeply decarbonized energy system over a long duration has never been done and is technically very difficult.
>
> A detailed review of the state's regional attributes found that managing California's electric grid even at current levels of intermittent renewables is challenging. In 2017, there were long stretches (between 5 and 10 days) of little to no wind generation. . . . Solar production averaged 1.7 TWh in January, but reached 3.2 TWh in June, reflecting significant seasonal variation. . . . Wind follows the same

seasonal variation. Current energy storage technologies are inadequate to address these weather-related phenomena and cost-effective long-duration storage does not currently exist.[33]

The Green Real Deal's analytic findings are too many to repeat in full in this report, some of the most relevant to consideration of an RPS include:

- Today's available technologies are insufficient to reach deep decarbonization across all sectors in the long term. Decarbonization policy must support dual tracks: incremental improvements in existing technologies to meet 2030 targets, and technology innovations with breakthrough potential needed to meet midcentury goals.[34]

- The impacts and costs of climate solutions have uneven impacts and absent proactive policy effort, could be costly for those who are least able to afford them.[35]

- Energy efficiency, defined broadly, is likely to be the most cost-efficient approach to decarbonization, and one of the most effective options across all economic sectors.[36]

- Electricity plays a critical role in decarbonization as both a source of emissions (that is relatively easy to decarbonize) and for supporting decarbonization of other sectors.[37]

- Clean fuels (e.g., renewable natural gas, hydrogen, biofuels) are critical clean energy pathways due to the enormous value of fuels in providing flexibility for energy systems. Policymakers will have to manage the significant operational issues that arise from a high penetration of variable renewable electricity to ensure reliability, manage costs, and minimize emissions.[38]

California and the other four states adopting clean energy standards or goals have recognized that a flexible approach will be needed that allows a multitude of paths to get to an emissions-free portfolio. In September, California updated its prior RPS goal of attaining 50% renewables by 2030 to a goal of 50% renewables by 2025, 60% renewables by 2030 and 100%

[33] Green Real Deal at 13, Text Box 1.
[34] Green Real Deal at 14.
[35] Green Real Deal at 14.
[36] Green Real Deal at 15.
[37] Green Real Deal at 16.
[38] Green Real Deal at 16.

clean energy resources by 2045.[39] The next mover was New Mexico which in March 2019 updated its RPS to require 50% renewable energy by 2030, 80% renewables by 2040 and 100% carbon-free resources by 2045.[40] Two more states followed suit in April 2019, with Nevada updating its RPS to require 50% renewables by 2030 and 100% carbon-free power by 2050[41] and the state of Washington requiring 100% clean energy by 2045.[42] Finally, in June 2019, Colorado passed a law requiring its major investor-owned utility, Xcel, to be 100% carbon free by 2050.[43]

The Advisors also understand that there are new technologies coming to market that may well be in position to provide true zero-emissions fossil fuel resources in the near- to mid-term future, both in the development of cost-effective generation technologies that capture 100% of carbon emissions and in the development of technologies to convert the carbon that is captured to a useable product that can be sold rather than just storing the carbon which reduces costs of CCUS significantly and mitigates environmental concerns with storage. Technologies that improve the effectiveness and reduce the costs of carbon capture are rapidly approaching commercial viability, and, in combination with increased reliance on renewable resources, could rapidly accelerate decarbonization. Leaving flexibility to explore such potential solutions in addition to renewable energy resources offers the greatest hope of achieving the mid-century decarbonization goals necessary to avert the worst consequences of climate change.

Understanding the Baseline

In assessing a goal to be attained over a specific period of time, it is important to understand the starting point correctly. It is the Advisors' understanding that, assuming industry-average

[39] California SB 100.
[40] New Mexico SB 489 44-22.
[41] Nevada Senate Bill 358.
[42] Washington SBS116.
[43] Colorado SB 19-236.

capacity factors on ENO's existing generation portfolio, ENO would be starting from a 2019 baseline of 43.1% carbon-emitting energy resources (by kWh) and 56.9% zero-emission resources of which less than 1% is from renewable resources. Once the projects recently approved by the Council (both renewable and fossil-fueled) are constructed, which is currently anticipated to occur by the end of 2020, ENO's portfolio by kWh would be approximately 39.3% carbon-emitting resources and 60.7% zero-emission resources with approximately 3.8% being renewable resources. Per ENO's 2018 IRP, ENO will have 1,399 MW of capacity by 2021.[44]

While capacity (MW) does not necessarily translate directly to energy (MWh), it is relevant to the RPS discussion because ENO is required by the Midcontinent Independent System Operator ("MISO") to maintain sufficient capacity resources (generators or power purchase agreements) to meet its peak load plus a reserve margin. In order to meet this requirement, ENO (like most utilities) typically plans resource additions based on required capacity, and its IRP is analysis is generally performed on a capacity basis. The 2018 IRP analysis indicates that there will be no need for ENO to acquire new resources to serve its load until 2033,[45] but that over the 20-year planning period (2019-2038) ENO's current planning assumptions (which are based on generic planning assumptions) indicate that ENO may deactivate up to 650 of its 1399 MW,[46] of which 495 MW would be the natural-gas fired Union Power Block 1 unit and about 150 MW would be Power Purchase Agreements.[47] These deactivations would, at least theoretically, allow for significant opportunity to convert carbon-emitting resources to zero-carbon resources beginning around 2033 without prematurely retiring existing resources or acquiring more resources than are needed to serve ENO's load.

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[44] 2018 IRP at 11-12.
[45] 2018 IRP at 5.
[46] 2018 IRP at 12.
[47] 2018 IRP at 13.

Comparing ENO's baseline to a few of the states that have recently augmented their RPS with a clean energy component is helpful in considering the standard to be adopted. For example, while ENO will be starting with about 3.8% renewables, California hit 31.36% in 2018,[48] Nevada was at 18.10% in 2017,[49] and Washington is at 8.3% for 2019.[50] So ENO is starting at a much lower percentage of renewables than these states. However, when zero-emissions resources are considered, the picture changes. ENO will be starting at 60.7% zero-emission resources, while California only at 51.09% in 2018.[51] Nevada was at 21.4% zero emissions resources in 2017,[52] also well behind ENO, while Washington state was at 75.5% in 2017 with 67.7% of its load served by hydropower.[53] Given that ENO does not have large amounts of hydropower available to it, ENO is already outperforming some of the leading states in zero-emissions resources. This suggests to the Advisors' that while ENO may require more time to "catch up" to the renewables achievements of these states, ENO may very well be able to keep pace with their clean energy goals.

Comments Filed by the Parties

Comments were filed in response to the Council's Resolution by eleven parties: ENO, AAE, Air Products, C2ES, Audubon, Sierra Club, SERA, GSREIA, 350 NOLA, PosiGen Solar, and the EFNO, which is a coalition of solar industry associations, and environmental and community activists (350 NOLA, AAE, Audubon, the Deep South Center for Environmental Justice, PosiGen,

[48] https://ww2.energy.ca.gov/almanac/electricity_data/total_system_power.html
[49] State of Nevada, Governor's Office of Energy, 2018 Status of Energy Report, at 5, available at: http://energy.nv.gov/uploadedFiles/energynvgov/content/Home/Features/2018%20SOE.pdf
[50] Washington Department of Commerce, EIA 2019 Report Summary and Detail, at 3, available at: http://www.commerce.wa.gov/wp-content/uploads/2019/06/Energy-EIA-2019-Report-Summary-and-Detail.pdf
[51] https://ww2.energy.ca.gov/almanac/electricity_data/total_system_power.html
[52] State of Nevada, Governor's Office of Energy, 2018 Status of Energy Report, at 5, available at: http://energy.nv.gov/uploadedFiles/energynvgov/content/Home/Features/2018%20SOE.pdf
[53] Washington Department of Commerce, 2019 Biennial Energy Report at 28, available at: http://www.commerce.wa.gov/wp-content/uploads/2019/06/Energy-EIA-2019-Report-Summary-and-Detail.pdf

Sierra Club, SREA and Vote Solar). This broad group of parties allowed a number of voices to be heard - the utility, industrial customers, national and regional clean energy and renewables advocates, the solar industry, and local community groups, and a wide array of viewpoints was set forth. The parties set forth different goals and purposes for an RPS and different options and models for the Council to choose from. The Advisors note that several of the members of the EFNO coalition also filed independent comments, as well as the coalition's comments. To the extent that the members of the coalition made arguments inconsistent with the coalition's arguments, the Advisors have assumed that the EFNO coalition Reply Comments supersede any inconsistent comments by any of the EFNO coalition members, and such inconsistent comments will not be addressed here.

A. What should an RPS target for New Orleans be?

Only one party, Air Products, entirely opposes an RPS requirement for New Orleans. Air Products argues that there should be no RPS requirement at all, but if there is one, it should be voluntary and it should only encourage ENO to acquire clean resources when there is a need for additional generation and the proposed resource is the lowest reasonable cost resource to meet the need and provide reliability of service.[54]

ENO advocates for a voluntary goals-based clean energy standard for New Orleans.[55] ENO argues that the unintended consequences of a mandatory renewables-only RPS could harm customers by raising costs and compromising reliability.[56] ENO proposes that the Council adopt a goal of 70% of ENO's retail sales served by zero-emission resources by 2030.[57] ENO argues that this would reduce carbon emissions by 605,000 tons and allow for beneficial electrification

[54] Air Products Comments at 1; Air Products Reply Comments at 1.
[55] ENO Comments at 2.
[56] ENO Comments at 11.
[57] ENO Comments at 19.

projects to be encouraged in New Orleans and for energy efficiency and DSM to continue to grow.[58]

The EFNO coalition argues for the adoption of a Resilient and Renewable Portfolio Standard ("R-RPS") that would require 55% of ENO's retail sales to be served by resilient and renewable resources by 2033 and 100% by 2040.[59] GSREIA supports this position.[60] In support of this target, AAE argues that Google's "Project Sunroof" indicates that New Orleans could generate 58% of their annual retail sales from solar roofs located within the city limits.[61] They also argue that ENO's expected retirement of the Union Power Block 1 unit in approximately 2032 and the potential for ENO to terminate its PPAs early also speak in support of this target being achievable.[62] AAE supports the deadline of 55% by 2033 and 100% by 2040 on the grounds the climate science strongly indicates the need to get to net-zero carbon emissions by mid-century.[63]

C2ES argues for an RPS with 30% of electricity sales coming from renewable resources and 90% from clean energy resources by 2030 with 60% from renewables and 100% from clean energy sources by 2050.[64]

ENO argues that to its knowledge and understanding, providing enough generation to meet 55%, let alone 100% of customer load with renewable-only technologies with 50% of the resources located within Orleans Parish is a physical impossibility.[65] ENO also notes that such resources would not meet ENO's load shape, meaning that if ENO were to add solar PV generation to meet a 55% RPS, approximately 70% of that generation would be in excess of ENO's needs at the time

[58] ENO Comments at 20.
[59] EFNO Reply Comments at 8.
[60] GSREIA Reply Comments at 1.
[61] AAE Comments at 4.
[62] AAE Comments at 5-6.
[63] AAE Comments at 6.
[64] C2ES Comments at 1.
[65] ENO Reply Comments at 6.

it is generated, and would be sold into the MISO market instead of used by ENO customers.[66] ENO also argues that this proposal would also result in massive rate increases.[67] ENO estimates the cost of complying with such a mandate would raise ENO's system average rate by 30% or more, even before incorporating the cost of adequate battery storage capacity.[68] ENO also argues that the use of Google Project Sunroof data as proof that 94% of roofs in New Orleans could host an aggregate of 2.7 GW of solar PV is a "superficial and unsound approach to resource planning that withers under the slightest scrutiny."[69] ENO notes that its own study of rooftop solar potential, conducted in connection with its 5MW rooftop solar project, which was a much more refined study performed Brighter Louisiana, LLC, identified only approximately 200 MW of potential rooftop solar capacity in New Orleans, a mere 7.4% of the EFNO coalitions estimate.[70]

The Advisors support a mandatory standard. Voluntary standards leave too much discretion to the utility on whether or not to comply and provide the Council with no method to enforce the goals it has set. Whether the Council chooses a clean energy standard or a renewable energy standard should be determined by which public policy goal the Council wishes to prioritize. Rapid and deep decarbonization and the growth of the renewables industry can complement each other, however, after review of the parties' comments and recent studies such as the Green Real Deal and the Energy Futures Initiative analysis of the California market, the Advisors remain concerned that prioritizing the growth of the renewables industry over all other carbon dioxide emissions-free resources and rejecting the "all of the tools in the toolbox" method will slow down decarbonization and make it more expensive for ratepayers by narrowing unnecessarily the range

[66] ENO Reply Comments at 6.
[67] ENO Reply Comments at 8.
[68] ENO Reply Comments at 8.
[69] ENO Reply Comments at 20.
[70] ENO Reply Comments at 20.

of options available to decarbonize. Thus, to the extent that the Council's preferred public policy goal is to pursue rapid, deep decarbonization, the Advisors recommend a Clean Energy Standard. To the extent, however, that the Council would prefer to prioritize economic development, and particularly the development of the local renewables industry in New Orleans -- and to be clear, the Advisors consider local economic development to be a legitimate public policy purpose -- then the appropriate goal would be a renewables-only RPS.

The Advisors agree that current climate science strongly indicates the need to get to net-zero carbon emissions by mid-century. For that reason, the Advisors support at a minimum a target of not less than 100% clean energy by 2050. The Advisors note that the concept of 100% clean energy does not exclude the concept of 100% renewable energy (specifically which resources should be utilized is discussed in further detail below). The Advisors have set forth in this report for further discussion by the parties three different models, discussed in greater detail below that are all aimed at achieving that target or better. It is the Advisors' opinion that the midcentury target likely can be met with only reasonable bill impacts to customers through the use of a clean energy standard. The Advisors have not seen convincing proof that the 100% clean energy by 2050 target can be met at a reasonable cost using only renewables, as is discussed further below.

The first model set forth by the Advisors for discussion is a simple, traditional RPS model with targets the Advisors believe, based on recent proposals in the renewables docket, can be met at reasonable costs to customers, with the addition of an end-target clean energy standard. The Advisors are encouraged by ENO's commitment to reducing carbon emissions, and accept that 70% clean energy by 2030 is what ENO's believes upon informed analysis that it can do within its business plan with an acceptable bill impact to customers. However, the Advisors would like to see a target that is more ambitious, but still has at least a reasonable possibility for success.

Therefore, the second alternative plan set forth by the Advisors in this Report is a more aggressive clean energy portfolio plan than what ENO has proposed.

The Advisors are not convinced that the proposed R-RPS set forth by the EFNO coalition can be achieved at a reasonable cost to ratepayers within the timeframe suggested, therefore, the third alternative set forth by the Advisors in this report is a modified R-RPS plan with an effective cost-control mechanism that the Advisors believe has a greater likelihood of success, though the Advisors do believe that it is likely to be the least successful of the three alternatives put forth in terms of actually being able to achieve its goals and stay within the Advisors' recommended cost caps.

The Advisors believe that the EFNO coalitions' estimates of the potential of its plan for success are based on incomplete and potentially faulty data. For example when the methodology of Project Sunroof is examined, it becomes apparent that what is measured is not the actual potential for rooftop solar generation in New Orleans, rather it is simply a measure of how much sunlight a roof receives and how many solar panels it could fit based solely on Google's aerial imagery, and Google's estimate of how much electricity that many solar panels on that roof would generate.[71] It does not take into account zoning restrictions or historical designations that may prohibit a homeowner from putting rooftop solar on their home or business, nor does it take into account constraints on the distribution grid, such as the fact that ENO's distribution grid cannot support rooftop solar in areas where the distribution system is underground, such as the Central Business District and French Quarter. It also does not take into account the condition of the rooftop -- it is typically recommended that rooftop solar panels be installed on relatively new rooftops, since the solar panels have a long lifespan and it is costly to remove a solar panel installation to

[71] *See* https://www.google.com/get/sunroof/data-explorer/data-explorer-methodology.pdf

replace an old roof and re-install it after the roof is replaced. Each of these factors reduces the potential for rooftop solar in New Orleans. As ENO notes, it has produced a study on rooftop solar potential in New Orleans in another docket that demonstrated only a fraction of EFNO's estimate would actually be available. While that report has not been submitted or examined in this proceeding, it does suggest that the Council should gather more data before accepting or relying upon the EFNO's estimate of rooftop solar PV potential in the City.

B. What resources should count toward satisfying an RPS?

The parties' comments in response to these questions fall into roughly three categories: those advocating for all clean (zero-emissions) resources, those advocating for a wide array of renewable resources, and those advocating for giving heavy priority to locally-sited distributed generation renewable resources.

ENO argues for the adoption of a clean energy standard that would allow the inclusion of future renewable resources, emission-free nuclear resources, distributed generation and utility-scale solar PV resources; existing legacy renewable resources like conventional hydropower projects; reductions in Kwh sales and kW demand through energy efficiency (Energy Smart) and DSM programs, electrification, assisting key customers like S&WB to help reduce the use of older, legacy assets that use fossil fuel, and customer owned and operated distributed generation-scale renewables like rooftop solar PV and that take advantage of Council policies like NEM.[72] ENO suggests that if Combined Heat and Power or Fuel Cell technologies are permitted, it should be clarified that they only count toward compliance if they are fueled with renewable resources.[73]

ENO opposes any type of "carve-out" that mandates a specific amount in MW or percentage of a single resource type or technology because it would hamper flexibility and increase

[72] ENO Comments at 21.
[73] ENO Comments at 21.

costs.[74] ENO argues that providing enough generation to meet 55%, let alone 100% of customer load with renewable-only technologies with 50% of the resources located in Orleans Parish is a physical impossibility and would not provide resources that meet ENO's load shape with the result that approximately 70% of the renewable energy output would be excess at the time generated and sold into MISO rather than used by New Orleans customers.[75] ENO also estimates that a requirement that the 55% RPS proposal would increase ENO's system average rate by 30% or more, even without adding the cost of battery storage.[76] Air Products also advocates for allowing all clean energy resources to count towards meeting the target.[77]

C2ES notes that New Orleans may wish to use its RPS mandate to help develop in-state renewable resources and recommends that an economic study be conducted to determine realistic targets for development of wind and solar for consumption in New Orleans using a geographic information system filter to inform the suitability of any specific RPS carve outs (such as 10% solar PV).[78] C2ES also recommends that to "lock in higher levels of clean energy earlier, the city should consider expanding the RPS to a CES."[79]

The EFNO coalition proposes limiting the resources that qualify as renewable resources to solar PV, solar thermal, wind and run-of-river hydropower resources, and would include as "resilient" resources those renewable resources plus any enhancements like battery storage that can perform both in "islanded-mode" (standing alone or in a microgrid) and connected to the grid.[80] After 2025, EFNO would require that at least 10% of ENO's load be met through resilient energy resources connected to ENO's distribution grid and at least 30% with a combination of resilient

[74] ENO Comments at 20.
[75] ENO Reply Comments at 6.
[76] ENO Reply Comments at 8.
[77] Air Products Comments at 2.
[78] C2ES Comments at 4.
[79] C2ES Comments at 4.
[80] EFNO Reply Comments at 7.

resources and renewable resources connected to ENO's distribution grid.[81] EFNO would also require that after 2025 at least 10% of ENO's retail sales be met through resilient resources and renewable resources connected to ENO's distribution grid that are operated for the benefit of low-income customers.[82]

The EFNO coalition members generally oppose a clean energy resource standard.[83] In response to ENO's comments, several EFNO coalition members argue that ENO's proposal will not result in new renewable generation being built and that relying on nuclear will raise costs to customers because the Grand Gulf plant has been underperforming in recent years, significantly reducing its output and decreasing the amount of ENO load served by zero-emissions resources, and that nuclear is more expensive than renewables.[84]

While the EFNO coalition members point to the problems at Grand Gulf as a reason that only renewable resources should be relied upon to meet the Council's chosen target, their argument actually speaks in favor of a clean energy standard rather than against it. If, as they argue, ENO's nuclear resources are unreliable and costly, then it is more likely that to meet a 55% renewables target, ENO would replace its failing nuclear resources with renewables. As ENO's current nuclear resources represent approximately 56.9% of its energy resources, ENO could, in theory reach a 55% renewables interim target by replacing its nuclear fleet with renewables while keeping all of its fossil fuel plants on line, resulting in no actual reduction in emissions. A clean energy standard, however, would not permit such backsliding, because it would require ENO to increase its percentage of clean energy every year. The EFNO position that only renewables should count does support a public policy purpose of providing economic stimulus to and development of the

[81] EFNO Reply Comments at 8-9.
[82] EFNO Reply Comments at 9.
[83] AAE Reply Comments at 2; SREA Reply Comments at 2-3.
[84] AAE Reply Comments at 2; SREA Reply Comments at 1-2; 350 NOLA Reply Comments at 4-5.

local renewables industry, but it does not support deep decarbonization as well as a clean energy standard would unless it can be guaranteed that the new renewable resources will only replace resources that emit carbon until such resources are fully replaced.

GSREIA opposes a clean energy standard but supports the inclusion of energy efficiency and DSM in an RPS target.[85] GSREIA also supports carve outs for specific renewables, including locally sited renewables, arguing that the RPS policy is an opportunity not only to transition New Orleans to cleaner renewable resources, but also to incentivize job opportunity, workforce training, and innovation throughout the region.[86] They support separating resources out by the categories of distribution level, state boundaries, and all remaining deliverable resources.[87]

Nearly all parties support allowing the use of RECs.[88] There is also general agreement that RECs used to satisfy the RPS targets must be retired and be subject to verification or certification and tracking by third parties, though there is some debate as how that should be done.[89] If the Council chooses deep decarbonization as the public policy to be prioritized, then the Advisors recommend that RECs purchased without the associated energy be viewed as a transitional mechanism to allow ENO the flexibility to satisfy the RPS as cost-effectively as possible until such time as ENO begins to see significant deactivations that allow cost effective opportunities to satisfy the RPS with ENO-owned resources. To that end, for a carbon emissions reductions goal, the purpose should be to ensure that ENO is serving its load entirely through zero-carbon resources by 2050, and the use of RECs without the associated energy to satisfy the requirement should be phased out by that date. To the extent that fostering new growth of the renewable industry is the

[85] GSREIA Reply Comments at 1.
[86] GSREIA Reply Comments at 3.
[87] GSREIA Reply Comments at 3.
[88] Air Products Comments at 2; C2ES Comments at 1; ENO Reply Comments at 14.
[89] Air Products Comments at 2; ENO Reply Comments at 14.

public policy goal taking priority, however, use of RECs only for resources built after a particular date would foster that goal.

ENO opposes the use of multipliers for RECs because it could create unintended consequences and lead to distorted or increased REC prices for customers.[90] ENO recommends that REC purchases should be treated as a fuel cost and recovered through the fuel adjustment clause.[91] The Advisors note, however, that to the extent that the Council wishes to prioritize certain resources under the RPS without creating a mandatory carve-out, providing a multiplier would give such resources an economic advantage in RPS compliance. If ENO can obtain a 1.5 credit for a Tier 1 resource, then it would be able to satisfy the RPS requirement using less of that resource than by using a non-Tier 1 resource. For example, if ENO needs to obtain 100,000 kWh of electricity from a renewable resource in order to meet a particular RPS requirement, if it uses a Tier 1 resource, for which it gets a 1.5 multiplier, then it only needs to obtain 66,667 kWh of the Tier 1 resource to meet the goal. Thus, for ENO to meet the requirement with a Tier 1 resource that costs 14 cents per kWh would be more cost-effective (14 cents/kWh x 66,667 kWh = $9,333) than meeting the requirement with a non-tier renewable resource that costs only 10 cents/Kwh (10 cents/kWh x 100,000 = $10,000), which should result in ENO choosing the preferred Tier 1 resource without increased costs to customers. While some parties might perceive this as an economic distortion, what it allows the Council to do is to give a high-priority resource and economic advantage that would ensure that if it gets "close enough" to being competitive it can be included without negative bill impacts to customers. In setting multipliers, the Council would want to be conscious of the tradeoff between getting the desired resources incorporated and actually offsetting fewer kWhs overall. If extensively utilized, such multipliers could reduce the

[90] ENO Reply Comments at 15.
[91] ENO Reply Comments at 15.

overall number of kWhs from renewable resources (in the example given ENO actually purchases 33,333 fewer kWh of renewable resources), but it should result in the more desirable resources being chosen, so the resources put into tiers with multipliers should be carefully selected to ensure that the overall value of prioritizing those resources offsets the lightly lower number of carbon emitting kWhs offset. This type of adjustment would allow the Council to take into consideration the value of local jobs created, or local benefits from the reduction of emissions within Orleans Parish.

C. How should an RPS be enforced?

ENO proposes a voluntary standard with no enforcement provision or penalty mechanism.[92] ENO opposes an alternative compliance payment as unnecessary where, as in New Orleans, the regulator has authority over the utility's resource planning process.[93] Air Products argues that to the extent the council adopts an RPS with a required target, the Council should review compliance on an annual basis, and if ENO is found to be out of compliance, the Council should initiate a docket with an opportunity for intervention and discovery to evaluate the non-compliance and determine whether it was the result of reasonable and prudent decision-making, and if it was reasonable and prudent, a penalty should not be imposed.[94]

Air Products also argues that the Council cannot determine the prudence of any compliance plan or approve changes to a plan without a litigated proceeding with the opportunity for discovery, testimony and a hearing.[95]

C2ES supports the use of an alternative compliance payment to enforce the RPS as a common option in use in many states with an RPS, noting that in some states it is recoverable in

[92] ENO Comments at 17.
[93] ENO Comments at 17.
[94] Air Products Comments at 3.
[95] Air Products Reply Comments at 10.

rates and that some states use it to support future renewable energy deployments and energy efficiency programs.[96]

The Advisors recommend an annual reporting requirement where ENO reports on its attainment of the target in the prior year and provides its plan for meeting the compliance requirement in the coming year. The Advisors note that they are recommending a cap on expenditures (see more detail below), and the Advisors would recommend that when ENO's compliance report indicates that ENO has not met the target, ENO would be required to demonstrate why its failure to meet the target was prudent, just and reasonable. If ENO can demonstrate to the Council's satisfaction that it could not meet the target without exceeding the cap or that the resources needed to meet the target could not be procured in a prudent and reasonable manner, ENO would be excused from meeting the target in that compliance year. However, subsequent targets would not be changed, and ENO would have the obligation to "catch up" when it is able to do so without exceeding the cap.

The Advisors propose that where ENO has both failed to meet the targets and failed to hit the cap, and Alternative Compliance Payment calculated in $/kWh of shortfall, limited by the cap on expenditures, should be imposed to ensure that even in years where ENO is unable to comply with the RPS targets, some level of progress toward the target can still be made. ENO is correct that the company should only be required to pay penalties following an investigation that determines that it failed to comply due to imprudent actions.[97] To the extent that ENO can demonstrate that making the Alternative Compliance Payment is the least-cost method of complying with the RPS target, ENO should be permitted to recover the payment from ratepayers.

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[96] C2ES Comments at 4.

[97] ENO Reply Comments at 15, citing *Gulf States Utilities Co. v. Louisiana Pub. Serv. Comm'n*, 578 So.2d 71, 85 (La. 1991), *S. Cent. Bell Tel. Co. v. Louisiana Pub. Serv. Comm'n*, 594 So.2d 357, 366 (La. 1992).

Cost recovery of the Alternative Compliance Payment should only be denied to ENO where it has been demonstrated that ENO's failure to meet the RPS goal was imprudent - such as where compliance was possible at a lower cost than the alternative compliance payment. The Council could then direct that any payments be made to a fund to be used for purposes to further the goal of the RPS target ultimately chosen - whether that be to reduce local carbon emissions to the greatest extent possible or to provide funding to local renewable and energy efficiency projects. This structure should also have the result that if the alternative compliance payment is cheaper than any other method of compliance, ENO would choose to make the payment which could then be used to further the purposes of the RPS, rather than pursing other options. It would also have the effect of ensuring that whenever the RPS target is not met, that full amount of expenditures up to the cap are made in that year. The Advisors note that where a standard allowing a broad array of resources to count towards meeting the targets is employed, the alternative compliance payment is less likely to be invoked than a standard that relies on a limited selection of resources.

Alternatively, should the Council determine that it would prefer a penalty mechanism to an alternative compliance payment, the Council could establish a mechanism whereby if ENO fails to meet a target for a given year, it must appear before the Council and demonstrate why its failure was the product of prudent, just and reasonable decision-making. To the extent that the Council finds ENO's failure to meet the target to not be prudent, just and reasonable, the Council would then be able to impose a reasonable penalty.

D. How should the Council protect ratepayers from unreasonable rate increases caused by compliance with the RPS?

ENO argues that arbitrary cost caps may not provide sufficient flexibility for meeting Council mandates and that ENO should not be penalized for failing to adhere to cost caps absent a finding of imprudence.[98]

Air Products argues that to the extent an RPS target is adopted by the Council, it should be subject to a 1% rate cap, such that if acquiring or contracting for the resource being added to satisfy the RPS target would cause rates to serve ENO to increase by 1% or more compared to either not adding the resource or adding another resource that would otherwise be available, the RPS-compliant resource would not be added.[99]

Air Products objects to the cost of Beneficial Electrification of S&WB facilities being passed through to ratepayers, arguing that the costs should addressed under ENO's Schedule EOES-3.[100]

The EFNO coalition propose that low income customers should be exempt from paying any costs associated with RPS compliance. ENO points out that, depending upon the definition of "low income" employed, this could result in as much as 30% of residential customers being exempt from paying for the RPS compliance. GSREIA agrees with AAE's proposal that all low-income customers be exempted from the costs of compliance with an RPS mandate and, like SREA urges the Council to act quickly to take advantage of federal tax credits.[101] GSREIA also supports the recommendation for a cap on administrative costs for administering the RPS of 5-8%.[102]

[98] ENO Reply Comments at 17.
[99] Air Products Comments at 4.
[100] Air Products Reply Comments at 6.
[101] GSREIA Comments at 5.
[102] GSREIA Comments at 5.

C2ES notes that cost containment mechanisms like cost caps can be explicitly stated in RPS legislation and can state an amount (typically a percentage) by which customer bills may not increase due to the RPS, thereby limiting a utility's expenditures.[103]

GSREIA supports either a penalty or an alternative compliance payment with funds from such measures going into a "green fund" to be used to finance renewable energy projects.[104]

The EFNO coalition also proposes an elaborate "cost cap" mechanism in their proposed R-RPS that does not actually cap the utility's expenditures. Rather than a mechanism where a cost cap is established and expenditures beyond the cap are deemed imprudent, and not eligible for recovery from customers, it sets forth a limit on what can be collected from customers in the year the costs are incurred and allows ENO to amortize the remaining costs it incurs over a twenty-year period.[105] This would allow R-RPS compliance at any cost, which, given ENO's analysis that compliance with a 55% RPS by 2033 could raise its rates by as much as 30% is a significant concern. The overall package of the R-RPS proposed by ENFO ensures that ENO must choose from a limited number of relatively high cost resources for compliance, in a manner that would require ENO to replace some of its existing zero-carbon resources with these high-cost resources (ENO cannot reach 55% renewables by 2033 without deactivating at least some portion of its nuclear fleet, which currently provides 56.9% of its energy) and puts no limit on the level of costs ENO would be required to incur in order to comply. The Advisors are deeply concerned that this would result in significant rate increases with no mechanism in place by which the Council can oversee the level of expenditures.

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[103] C2ES Comments at 5.
[104] GSREIA Reply Comments at 4.
[105] EFNO Reply Comments at 14.

The Advisors recommend a cap on ENO incremental expenditures to comply with the RPS of 1% of total retail revenues. Based on the Advisors' estimate of ENO's current total retail revenues of approximately $609.7 million, this would allow incremental expenditures by ENO of approximately $6.1 million per year, which would increase as ENO's total retail revenues increase over time. While the specific impact on particular rate classes of an increase of 1% of ENO's total retail revenues would vary depending on the cost allocation mechanisms approved by the Council in the rate case, the Advisors estimate that the customer bill impact would vary between 1.05% for the class with the greatest impact and 0.86% for the rate class with the lowest impact, except for the Lighting rate class, which would only experience a 0.28% increase. The cap would apply to incremental expenditures -- meaning the difference between what ENO would have otherwise spent to meet the requirements of its load and what it spent to meet the requirements of its load in a manner that complies with the RPS. The Advisors would not envision that any of ENO's currently existing or already approved resources would count toward this limit, since they were in place prior to the establishment of the RPS and although they may be counted toward compliance, they are not true "incremental" costs because they will go forward even if the Council decides not to adopt an RPS at all. This would also include the Energy Smart program budgets in pursuit of the Council's pre-existing 2% goal. To the extent that ENO determined in any given year that the most cost-effective way to comply with the RPS would be to invest in the Energy Smart program beyond the Council-approved budget to make the 2% DSM goal, then ENO's Energy Smart costs above the approved budget would count toward the RPS expenditure cap, but the Council-approved Energy Smart budget would not. If the Council decides to implement such a cap, more input will be needed from the parties regarding how best to accurately count "incremental" costs for various types of resources for the purposes of compliance with the expenditure cap.

The Advisors also recognize ENO's concerns that an annual cost cap would limit is flexibility in acquiring resources, and that it may be prudent for ENO to make a large expenditure in a single year that meets the RPS requirements for several years. To that end, the Advisors would recommend that the Council's rule retain the flexibility for ENO to propose and the Council to approve a compliance plan that meets the target for a block of years that observes the cost cap and the targets for the total block of years without being required to comply with the particular target and cost cap for any specific year within that block of years. Thus, if an attractive opportunity arises for an investment in a larger project, ENO should be able to propose it and the Council to consider it and render a decision as to whether it is a prudent, just and reasonable method of compliance with the Council's RPS targets.

E. Other issues raised by the parties

There were several additional issues raised by parties beyond the specific questions posed by the Council.

The EFNO coalition, some of whose members participated in the recent rulemaking to change the Council IRP Rules would now change those IRP Rules through this RPS proceeding without notice or opportunity for other parties interested in the IRP Rules to object or comment, which would lack transparency and would not afford sufficient process to parties with an interest in the IRP Rules.[106] Similarly, SREA, who did not participate in the recent IRP Rules rulemaking docket, advocates for changes to the IRP Rules. The Advisors do not believe it is necessary or appropriate to modify the Council's IRP Rules through this RPS rulemaking docket. First, it is not necessary because the IRP rules currently require ENO to develop at least one Planning Strategy that reflects known regulatory policy goals of the Council, which would include whatever

[106] EFNO Reply Comments at 8.

RPS is adopted by the Council.[107] This would allow the IRP to produce least cost portfolios that attain the RPS targets across several potential future Scenarios. The Council will then be able to see how the portfolios including the RPS differ from portfolios that are produced without the constraint of an RPS. Thus, modification of the IRP Rules to accommodate the output of the RPS rulemaking is not necessary.

The EFNO coalition also attempts to modify the Council's Net Energy Metering Rules through this RPS rulemaking docket by adding new rights for NEM customers, including a provision that would grant Net Energy Metering customers the right to continue receiving service under the net metering tariff and NEM rules in effect at the time they apply for net energy metering service for a period of at least twenty years.[108] Again, making such a change to the Council's existing NEM rules without notice or opportunity for affected parties to comment lacks transparency and fails to offer said parties sufficient due process. In addition, the proposal that customer-generator facilities not be required to pay additional or separate charges for electric service that would not apply if they were not a customer-generator is made without reference to any information regarding whether such customers require additional services and impose additional costs on the system that would be imposed on non-participating customers if not paid by the customer-generator.

The EFNO coalition also advocates for the creation of an R-RPS community advisory group with expansive powers that would be funded up to $50,000 to cover the group's administrative expenses.[109] The budget for the group would be paid by ratepayers as in incremental cost of RPS compliance.[110] The Council would be required to consult with this group

[107] Electric Utility Integrated Resource Plan Rules of the Council of the City of New Orleans, Section 7.D.3
[108] EFNO Reply Comments at 11.
[109] EFNO Reply Comments at 14-15.
[110] EFNO Reply Comments at 15.

and receive a recommendation from them prior to utilizing revenues from the EFNO's proposed Public Purpose Fund to establish a Green Bank.[111] If the R-RPS community advisory group recommended it, the Council would be required to consider whether it is necessary to waive the recovery of incremental R-RPS costs from low-income households.[112] The R-RPS community advisory group would also be required to present recommendations to the Council for changes to the recently adopted Community Solar Rules.[113] The R-RPS community advisory group would also work with the Office of Supplier Diversity to develop a certification for vendors of renewable energy resources and related services that would qualify as Tier 1 and Tier 2 resources under the EFNO's proposed rule.[114] The R-RPS community advisory group would also consult with ENO on the development of additional financial incentives, grants, and rebates, assignable to a third-party provider (such as a rooftop solar company) to support and develop the utilization of resilient energy resources for certain types of customers and the R-RPS community advisory group would identify geographic zones for which ENO would be required to provide for the equitable distribution of total publicly-funded financial supports or incentives for resilient resources.[115]

In short, the EFNO coalition's proposal is a blatant attempt to re-open several other Council rulemakings (NEM, IRP and community solar, in particular) and revise those rules outside of the normal rulemaking process and without notice to potentially affected parties, and it would delegate an extensive amount of the Council's regulatory authority to an unelected community advisory group with no accountability to the public and give that community advisory group an unprecedented level of control over the Council's Agenda. A delegation of this level of authority

[111] EFNO Reply Comments at 15.
[112] EFNO Reply Comments at 15.
[113] EFNO Reply Comments at 12.
[114] EFNO Reply Comments at 12.
[115] EFNO Reply Comments at 12.

to an advisory committee of the Council would be contrary to City Code Section 3-127 regarding the creation of Advisory Committees, which provides:

> The Council may appoint advisory committees which shall exist for not more than one year from the date of appointment, but which may be reappointed from year to year. The members of advisory committees shall not be paid; their function shall be limited to counsel and advice, and their expenses, if any, shall be paid from appropriations to the Council. Advisory committees shall have no employees, but the Council may cause it employees to furnish such service as may be needed by said committees.

Section 3-127 simply does not allow for the structure proposed by EFNO for its R-RPS Advisory Committee. The committee could not be proposed for a three-year period, as proposed,[116] its role would have to be limited to providing counsel and advice to the Council meaning that it could not mandate which issues the Council must consider, and its proposed $50,000 budget could not be paid by ratepayers as an incremental RPS compliance cost.[117] The proposed R-RPS Advisory Group should be rejected.

Finally, while the Advisors would recommend that the Council adopt a rule that is flexible enough to continue to function properly through various market conditions and technological developments, the Advisors nevertheless recommend that the Council periodically review the RPS policy and evaluate whether any adjustments need to be made. The Advisors suggest that the Council could undertake this periodic review every three years upon receipt of ENO's IRP analysis, which would provide the Council with significant information regarding ENO's portfolio, anticipated future needs, and projected costs of compliance.

Workable Models for the Council to Consider

One of the critical points for the Council to decide, which will have the greatest influence on the rule ultimately adopted is which public policy purpose the Council wishes the RPS to serve.

[116] EFNO Reply Comments at 14.
[117] EFNO Reply Comments at 14.

Recognizing that RPS designs serving different purposes may look substantially different, for the sake of this Report, the Advisors have included an Appendix with three different potential RPS standards to illustrate what the final rule could look like to help inform the Council's decision making. ENO proposed a CES that would pursue the goal of decarbonization and reducing carbon emissions. The EFNO parties (a coalition of community activists, environmental activists, and solar industry trade groups and companies) on the other hand, proposed a Resilient and Renewable Portfolio Standard with stated purposes to (1) strengthen New Orleans through a focus on energy resilience and local energy resources, (2) ensure that the benefits of renewable energy are equitable, accessible, and affordable for all residents; (3) providing new economic opportunities to underserved communities by expanding and diversifying the energy workforce and enabling programs that reduce energy cost burdens on low-income residents; and (4) attract and retain companies and industries that value ready access to renewable energy resources.[118] As might be expected, a standard meant to pursue deep decarbonization and rapid reduction in emissions will differ somewhat from a standard meant to stimulate the local renewable economy, create new jobs, and provide rate support to low-income residents. Both goals are legitimate public policy purposes, but as proposed by the parties in their comments in this docket, they are not fully consistent with each other. The Advisors do not support either the CES as proposed by ENO or the R-RPS as proposed by the EFNO coalition, though the Advisors have attempted in this Report to provide the Council with not only a traditional RPS standard to consider, but also a more aggressive CES and an R-RPS that would be less of a straight up economic development measure and more consistent with both the goal of rapid reductions in emissions with a lower impact on customer bills and more consistent with sound utility regulatory principles. As is previously stated, these three models are

[118] EFNO Reply Comments Appendix A, Section 1. Purpose.

all merely illustrative examples that the Advisors believe would be viable, and flexibility remains to continue to adjust any of them to better suit the Council's policy goals and concerns.

A. Alternative 1: Renewable Portfolio Standard

The first alternative presented by the Advisors is a traditional, simple Renewable Portfolio Standard with the addition of clean energy requirement as the end point of the standard. Draft rules that would implement this Standard are in Appendix A to this Report, starting at page 1. In this alternative, the Advisors set forth targets based on the Advisors' assessment of what would be reasonably achievable under a 1% on total retail revenues expenditure cap using data and assumptions from ENO's renewables resource portfolio cost benefit analysis modeling in Docket NO. UD-18-06 (the 90 MW renewables portfolio case) to project costs and rate impacts and using relevant load projections and resource data from ENO's 2018 IRP. Based on the Advisors' calculations, a renewables goal of 10% by 2025, 15% by 2030, 23% by 2035 and 35% by 2040 should be reasonably achievable under an expenditure cap of 1% of total utility retail revenues. If the renewables only replace resources that are currently producing carbon emissions, a 35% renewables goal by 2040 would have ENO at approximately 95% carbon-free in 2040, thus adding the additional requirement that ENO must meet 100% of its energy needs through zero-carbon resources would allow ENO to meet the standard by retaining all of its current zero-emissions resources, meeting 35% of its needs through the required renewable resources and filling the remaining 5% of its needs through either renewables or other zero-emissions resources such as nuclear to natural gas with effective carbon capture, utilization and storage, or other carbon-free technology. If the clean energy requirement is omitted from this standard, then it is possible that some level of current zero emissions resources would be replaced with renewables rather than the carbon-emitting resources, reducing the effectiveness of the model as a decarbonization measure.

Rather than creating a mandatory carve-out for certain types of renewables to meet this standard, the Advisors have included in this model multipliers for two "tiers" of resources. A multiplier does not require ENO to use a certain type of resource, but rather gives ENO more credit for using those resources than for others -- in other words, it gives those resources a cost advantage over other resources, as discussed above. In the draft Alternative 1 RPS provided, the Advisors put into Tier 1, earning a 1.5 multiplier, local resources cited within the City, including renewable energy resources, distributed generation resources of not more than 5 MW (such as net metering and community solar resources), , demand-side management and energy efficiency (such as the Energy Smart Program), and beneficial electrification[119] of commercial or industrial equipment that would result in reduced carbon intensity. This list of resources can easily be adjusted, the Advisors selected these resources as those that would likely be the most directly beneficial to New Orleans residents and businesses by reducing carbon emissions within the City and/or having the potential to offset energy bills for some customers. Tier 2 resources, which are essentially any renewable resource outside of New Orleans, would receive only a 1.0 multiplier. The Advisors believe that permitting the use of RECs for compliance would give ENO an additional option for compliance when considering how to most cost-effectively comply with an RPS, and thus use of RECs is permitted for compliance, and ENO would be permitted to carry RECs forward for up to 2 years to allow ENO to use excess RECs created in one year to offset requirements in the following year.

In order to keep compliance and enforcement simple in the Alternative 1: RPS model, the Advisors included a requirement that ENO annually present a compliance report explaining

[119] "Beneficial electrification" means converting industrial, transportation, or other processes from fossil fuel (such as natural gas, gasoline, or oil) to an electric process where the resulting increased use in electricity still results in fewer carbon emissions than the process it is replacing -- i.e. where, taking into account the electric utility's emissions, the result of the conversion is a net decrease in total CO_2 emissions.

whether or not the targets were met in the prior calendar year, and setting forth ENO's procurement plan to satisfy the RPS requirement going forward, demonstrating that it is the least-cost plan. If ENO failed to comply with the RPS requirement, it would be required to file a notice of noncompliance detailing the shortfall, the cost of the shortfall and ENO's plan to meet the shortfall in the following year. Should the Council find that ENO lacked reasonable cause for the failure to comply, the Council would have the option of finding that ENO should not recover the cost of meeting the shortfall from ratepayers. Should a pattern of noncompliance occur, the Council would have the option of applying additional penalty measures.

Under the proposed Alternative 1: RPS, the Advisors have also included a cost cap for RPS compliance of 1% of plan year total utility retail sales revenues. If ENO can demonstrate that the incremental cost of RPS compliance would exceed this cap, then ENO would be permitted to reduce its procurement down to the cost cap level. However, the goals in future years would not be reduced. The Advisors have also included in this option a large customer cap that would prevent large customers from being required to pay for a disproportionate share of RPS compliance costs

The Advisors believe that this approach is based on analytics of available data demonstrating that it is reasonably achievable, though, as with any forward-looking analysis it is based on certain assumptions which may or may not prove to be true in the future. The targets produced in this manner are also generally consistent with targets adopted in other jurisdictions with vertically integrated utilities. While this strategy does help advance the goal of rapid, deep decarbonization, the significant focus on renewable resources does result in the omission of certain carbon-reducing measures from the RPS. The Advisors believe that this model has a relatively high probability of success in being able to meet the targets set forth while remaining within the expenditure caps.

B. Alternative 2: Renewable and Clean Portfolio Standard

The second alternative portfolio standard the Advisors set forth in this report is a Renewable and Clean Portfolio Standard ("RCPS") that would aggressively pursue deep decarbonization and emissions reductions, particularly within the City. It would have the goal of rapid decarbonization while ensuring that the City has a safe and reliable power supply at a reasonable cost and with as much flexibility as possible. Rather than requiring ENO to acquire a specific percentage of renewables, it would require ENO to convert its entire portfolio to zero-emissions resources. A wide range of currently known and yet to be developed zero-emissions energy technologies would be employed with priority given to measures that reduce emissions within Orleans Parish and measures that are sited within Orleans Parish.

This alternative would have annual targets, but in recognition that capacity is typically added in specific sizes that may or may not match up to any specific year's RPS requirement, would allow ENO to propose a project that would meet the requirement for a block of years and demonstrate to the Council that the proposed plan is a prudent, just and reasonable method of meeting the RPS requirement. One benefit to a CES requirement rather than only an RPS requirement is that it would prevent the addition of renewables from replacing zero-emission resources, resulting in no gain in emissions reductions. To be clear, while a clean energy standard would permit the use of nuclear and of natural gas and other fossil resources with a truly effective carbon capture mechanism, it would also allow all emissions-free renewables to be considered on an equal footing. This has the advantage of giving the utility maximum flexibility to acquire the resources most closely matched to the needs of ENO's load at the lowest reasonable cost. If, as many parties comment, renewables are truly cost-effective as compared to other resources, they should succeed under a clean energy standard. Under the Alternative 2: RCPS model, in addition

to zero-emissions sources of generation, the Advisors have included energy efficiency, DSM, and Beneficial Electrification as resources.

While ENO proposed a simple, voluntary CES of 70% zero-emissions resources by 2030, in light of ENO starting from a position of 60.7% zero-emissions resources in 2021, the Advisors believe this goal represents what ENO is confident it could do, but does not require ENO to stretch. In short, it is not ambitious enough, and it is incomplete. In the Alternative 2: RCPS model, the Advisors propose a standard that is more aggressive on carbon emissions reductions and has stricter compliance requirements, but which, in the Advisors' opinion, would still have a reasonable chance of success. This alternative model would require ENO to achieve a 100% net zero-emissions portfolio of resources by 2040, with no more than 20% being met through RECs. This recognizes that ENO will potentially have significant deactivations of its fossil-fired resources beginning around 2033, which should create a real opportunity to move toward zero-emissions resources. The RCPS model included in this Report would then phase out the use of RECs between 2040 and 2050, requiring ENO to serve New Orleans with only zero-emissions resources. Near-term goals would have ENO reach 70% zero-emissions by 2025, not more than 25% of the requirement being met through RECs. By the year 2030, the RCPS requirement would increase to 80% and the allowed portion of the requirement that can be achieved through RECs would fall to 20%.

Rather than establishing a requirement that a specific percentage of ENO's RCPS compliance be met only through renewable resources, the Alternative 2: RCPS model creates three tiers with the top two tiers receiving multipliers. The Alternative 2: RCPS model would not prioritize the economic development of the local renewables industry, but rather would prioritize the reduction of carbon emissions in Orleans Parish. Tier 1 resources would include any resource

or measure that reduces carbon emissions from existing sources within Orleans parish, which would include Beneficial Electrification, EV charging stations, and CCUS on existing generators. These resources would receive 1.5 multiplier due to their direct impact on reducing emissions within Orleans Parish. Tier 2 resources would include any renewable or zero-emissions distributed generation resource in Orleans Parish and any utility DSM or conservation program, such as Energy Smart. These resources would receive a 1.25 multiplier. Tier 3 resources, which would count toward compliance, but would have no multiplier applied would be any renewable energy resource or zero-emissions resource not in Orleans Parish but that is deliverable into the MISO region. There is no requirement that only resources after a particular date count, because the goal is not to provide an incentive for new renewable resources to be built, and it is the Advisors' intent that ENO's existing zero-emissions resources be counted for compliance purposes.

For enforcement the Alternative 2: RCPS model would require an annual report regarding the prior year's compliance with the targets and the plan for meeting the next year's requirements. The annual compliance report would also contain data regarding how many MWH were produced by each resource, including how many MWh were saved by DSM and energy efficiency and conservation and the average cost per MWh to enable the Council to understand the costs of the various resource types. In the event that ENO was unable to comply with the RCSP target for a given year, ENO would make an alternative compliance payment into a CleanNOLA fund on a $/kWh shortfall basis. As long as ENO can demonstrate that the alternative compliance payment is the least-cost method of complying with the RCPS, ENO would be allowed to recover the payment from customers. The Council would establish the CleanNOLA fund and how it is administered, the Advisors would suggest that to be consistent with the RCPS goal of achieving

rapid decarbonization, the fund prioritize projects designed to reduce carbon emissions from existing sources of such emissions in Orleans Parish.

The Alternative 2: RCPS model would also cap RCPS compliance cost impact at 1% of total retail sales revenue. If the cost of compliance would exceed that cap, ENO would be excused from any compliance beyond the point at which the cap was reached, though the requirement for future years would not change, and ENO would be expected to catch up to the target when it can do so while remaining under the cap. Should ENO desire to exceed the cap for a given year, the Council would be able to authorize ENO to do so if ENO can demonstrate it would be prudent, just and reasonable to do so.

C. Alternative 3: Resilient and Renewable Portfolio Standard

The third alternative standard presented in this report is a standard prioritizing resiliency and economic development of the renewables industry in New Orleans, consistent with the stated purposes of the EFNO coalition's proposal. While many of the elements of the EFNO coalition's proposed R-RPS were unworkable or inappropriate, this alternative attempts to construct a model that would be both workable and appropriate for an RPS. It retains the renewables targets of the R-RPS, but significantly simplifies the model. It also retains the three tiers of resources with minor changes. Tier 1 would still be a separately-metered resilient energy resource operating as party of a dispatchable microgrid, Tier 2 would be a renewable distributed generation resource located in Orleans Parish as well as any utility DSM or conservation program, net energy metering, community solar and programs directly benefiting low-income customers and Tier 3 would be any renewable energy resource not located in Orleans Parish that is located in MISO or deliverable to the MISO region.

The Advisors have also in this model incorporated the RPS expenditure cap of 1% of utility total retail sales. The Advisors do not have sufficient data regarding the anticipated costs of the Tier 1 and Tier 2 resources under this standard to project the likelihood of success of this design in meeting the targets while remaining within the compliance expenditure cost cap. IT may very well be the case that the success of the program is significantly hampered by the application of this cap. The Advisors note, however, that to the extent the program would have a greater impact on customers, it may not be a program that can be justified as reasonable to require of ratepayers in light of the availability of other RPS designs that could achieve similar levels of the deployment of renewables and reduction in carbon emissions at significantly lower costs using a more flexible definition of eligible resources.

Next Steps/Further Procedures

The Advisors note that the remaining procedural schedule allows for comments on this Report to be filed no later than October 1, 2019 and reply comments to be filed no later than October 15, 2019. The Advisors recognize that the procedural schedule in this docket anticipated responses to the four questions set forth in Resolution No. R-19-109, and did not anticipate that parties would go beyond the scope of Resolution and provide alternative proposals such as ENO's proposal for the adoption of a Clean Energy Standard ("CES") voluntary goal rather than a mandatory RPS and EFNO coalition's proposal for a Resilient and Renewable Portfolio Standard. Consideration of these additional proposals, the requirements of Resolution No. R-19-109, and statewide trends toward decarbonization resulted in the ultimate development of the three alternatives presented as opposed to a single draft RPS standard in this report.

Recognizing, that the alternative proposals put forth by the parties were not submitted with and supported by detailed analyses in this docket and, recognizing that inherent in each of the

alternatives presented in this Report is a cap on the impact on total ratepayer bills of one percent (1%) of total utility annual retail sales revenue. The Advisors recommend that parties in their comments on this Report, provide any analyses in support or opposition to the alternatives presented herein or to parties' original proposals as filed in the original comments and reply comments. Further, to the extent parties believe that the Advisors' recommended cap on the impact on total ratepayer bills is not set at the appropriate level, the parties should provide analyses, including bill impact analyses, in support of any alternative cap level.

Conclusion

The Advisors welcome the comments of the parties as to the purposes that the Council should prioritize for an RPS and on the three models set forth here for discussion to assist the Council in determining which type of RPS standard to adopt.

RESPECTFULLY SUBMITTED:

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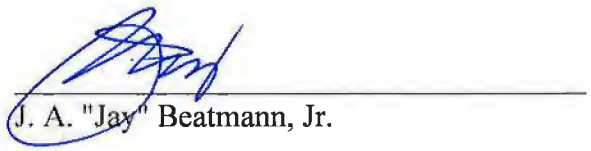
Advisors to the Council of the City of New Orleans

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading has been served upon the following parties of record by electronic mail on this 3rd day of September 2019.



J. A. "Jay" Beatmann, Jr.

Service List for UD-19-01

APPENDIX A
DRAFT STANDARD ALTERNATIVES FOR THE PURPOSES OF PUBLIC COMMENT

New Orleans Renewable Portfolio Standard

For the purposes of public comment, and in response to the Initial and Reply Comments filed by the Parties pursuant to Resolution R-19-109, the Advisors include herein conceptual drafts of a traditional RPS structure and two alternative standards. These drafts are structured similarly for comparison, and represent three distinctly different approaches to portfolio standards proposed among the parties in the Docket. The drafts are intended to recognize the primary objectives of each alternative, the policy differences, and the data and process needed to determine compliance costs and cost caps with implementing the alternatives.

Alternative 1 - A Traditional Renewable Portfolio Standard ("RPS") with a Long-Term Clean Energy Requirement

SECTION 1: OVERVIEW

It is the intent of the Renewable Portfolio Standard ("RPS") to capture the benefits of renewable power by requiring the Utility to increase the amount of renewable generation in its generation portfolio at a reasonable cost to ratepayers, while achieving a long term clean energy goal.

SECTION 2: DEFINITIONS

"Beneficial Electrification" means any program or process that replaces direct fossil fuel use as a source of power and heat with electricity in a way that -- when the electric utility's emissions are accounted for -- reduces overall emissions, including, but not limited to, charging infrastructure supporting electrification of motor vehicles, electrification of home and commercial appliances that use natural gas, and electrification of municipal and commercial operations that currently rely on fossil-fuel use to power equipment.

"Community Solar Generation Facility" or **"CSG Facility"** means a solar energy facility that meets the definition of a Community Solar Generation Facility under the Council's Community Solar Rules.

"Community Solar Program" means a program that encompasses the facilities, entities, functions and requirements implemented by the Council's Community Solar Rules.

"Community Solar Rules" means the Community Solar Rules for the Council of the City of New Orleans adopted by Council Resolution No. R-19-111 (and as modified by any subsequent Council action).

"Conservation Program" means a program in which a utility company furnishes home weatherization services free or at reduced cost or provides free or low cost devices for saving energy, such as energy efficient light bulbs, flow restrictors, weather stripping, and water heater insulation.

"Cost of Compliance" the cost of compliance with the RPS shall be the incremental costs incurred by ENO over and above the costs to serve its load that are attributable solely to the compliance with the RPS policy.

"Council" refers to the Council of the City of New Orleans

"Customer" means a retail electric customer account holder of the Utility.

"CURO" means the Council Utilities Regulatory Office.

"Demand-Side Management" or **"DSM"** means a utility action that reduces or curtails end-use equipment or processes, often used to reduce customer load during peak demand and/or in times of supply constraint.

"Distributed Energy Resource" or **"DER"** means a generator that is located close to the particular load it is intended to serve, and is operated primarily to serve that load.

"Distribution System" the portion of the transmission and facilities of an electric system that is dedicated to delivering electric energy to an end-user.

"Energy Efficiency Programs" means programs that are aimed at reducing the energy used by specific end-use devices and systems, typically without affecting the services provided. Examples include high-efficiency appliances, efficient lighting programs, high-efficiency heating, ventilating and air conditioning (HVAC) systems or control modifications, efficient building design, advanced electric motor drives, and heat recovery systems.

"Green-e" means the formal certification of RECs provided by the Center for Resource Solutions' Green-e® certification program, distinct from the tracking of RECs.

"Low-Income Customer" means a Customer whose gross annual household income is at or below 50 percent of Area Median Income for the relevant period or who is certified as eligible for any federal, state, or local assistance program that limits participation to households whose income is at or below 50 percent of Area Median Income.

"M-RETS" means the Midwest Renewable Energy Tracking System, a web-based system used by power generators, utilities, marketers, and qualified reporting entities. M-RETS registers projects in all states and provinces across North America. M-Rets tracks Renewable Energy Certificates ("RECs") and facilitates REC transactions by issuing a unique, traceable digital certificate for every megawatt-hour ("MWh") of renewable energy generated by registered units or imported into its system.

"Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that acts as a single controllable entity with respect to the grid. A microgrid can connect and disconnect from the grid to enable it to operate in both grid-connected or island mode.

"MISO" means the Midcontinent Independent System Operator, Inc.

"MISO-Connected Renewable Energy Resource" means a renewable energy resource that is first put into service on or after January 1, 2020 and is interconnected to transmission-level voltage within the Midwest Independent System Operator's footprint.

"NEM" means New Orleans Net Energy Metering as defined by NEM Rules adopted by Council Resolution No. R.07-132 (and as modified by any subsequent Council action.

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"RPS" means the Renewable Portfolio Standard.

"Renewable Energy Credit" or **"REC"** means a contractual right to the full set of non-energy attributes, including any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to a specific amount of electric energy generated from a renewable energy resource. One REC results from one MWh of electric energy generated from a renewable energy resource.

"Renewable Energy Resource" means a facility that generates electricity using solar thermal, photovoltaic, wind, geothermal, fuel cell using renewable fuels, hydroelectric generation, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. For a Renewable Energy Resource to qualify for compliance purposes, any RECs associated with that resource in the compliance year must be retired.

"Retail Compliance Load" means the total jurisdictional retail sales, measured in kWh, for an electric utility during an annual period.

"Utility" refers to any utility providing electric service to customers in the City of New Orleans and regulated by the Council.

SECTION 3: RENEWABLE ENERGY PORTFOLIO STANDARD

a) Percentage Requirements

1. The utility shall meet the following specific renewable portfolio standard percentage requirements to include renewable energy in its electric energy supply portfolio:

   i. no later than January 1, 2025, renewable energy and other eligible resources shall comprise no less than ten percent (10%) of the utility's total retail sales;

   ii. no later than January 1, 2030, renewable energy and other eligible resources shall comprise no less than fifteen percent (15%) of the utility's total retail sales;

   iii. no later than January 1, 2035, renewable energy and other eligible resources shall comprise no less than twenty-three (23%) percent of the utility's total retail sales; and

   iv. no later than January 1, 2040, renewable energy and other eligible resources shall comprise no less than thirty-five (35%) percent of the utility's total retail sales

v. no later than January 1, 2040, 100% of kWh sales must be achieved with zero-emissions resources, including renewable energy and other eligible resources with no carbon emissions produced.

2. Large Customers Target Cap. The renewable portfolio standard established by this section shall be reduced, as necessary, to provide for the following specific procurement requirements for non-governmental customers at a single location or facility, regardless of the number of meters at that location or facility, with consumption exceeding ten million kilowatt-hours per year. On and after January 1, 2020, the kilowatt-hours of renewable energy procured for these customers shall be limited so that the additional cost of the renewable portfolio standard to each customer does not exceed the lower of one percent (1%) of that customer's annual electric charges or fifty thousand dollars ($50,000). This procurement limit criteria shall increase by the lower of one-tenth percent (0.1%) or three thousand dollars ($3,000) per year until January 1, 2030, when the procurement limit criteria shall remain fixed at the lower of one percent of that customer's annual electric charges or eighty thousand dollars ($80,000). After January 1, 2030, the Council may adjust the eighty thousand-dollar ($80,000) limit for inflation. Nothing contained in this paragraph shall be construed as affecting the utility's right to recover all reasonable costs of complying with the renewable portfolio standard, pursuant to Resolution R-19-xxx. The Council may authorize deferred recovery of the costs of complying with the renewable portfolio standard, including carrying charges;

3. Any customer within the Council's jurisdiction, with consumption exceeding ten million kilowatt-hours per year at any single location or facility, and that owns renewable energy generation is exempt from all charges by the utility for renewable energy procurements in a year, regardless of the number of customer locations or meters on the system, if that customer certifies to the Council's auditor and notifies the Council and its serving electric utility that it will expend one and one-half percent of that year's annual electricity charges to continue to develop within twenty-four months customer-owned renewable energy generation. That customer shall also certify that it will retire all renewable energy certificates associated with the energy produced from that expenditure;

4. The renewable portfolio shall be diversified as to the type of renewable energy resource, taking into consideration the overall reliability, availability, dispatch flexibility and cost of the various renewable energy resources made available by suppliers and generators;

5. Renewable energy resources that are in the utility's electric energy supply portfolio on July 1, 2020 shall be counted in determining compliance with the RPS targets specified in this section.

b) Eligible Resources

1. Eligible resources consist of renewable energy and certain other technologies under a two-tier structure to recognize local and non-local resources in achieving RPS compliance

2. "Tier 1" resources encompass local resources sited within the City of New Orleans including renewable energy resources, distributed generation systems no more than 5 MW (e.g. net metering and community solar), demand-side management/ energy efficiency, and Beneficial Electrification of commercial/industrial equipment.
3. "Tier 2" resources encompass any renewable resource located outside of New Orleans including solar (electric or thermal), wind, biomass, hydroelectric (all), landfill gas, waste-water treatment gas, geothermal, and fuel cells.
4. The utility shall seek Council approval of a methodology of calculating a REC equivalent for demand-side management resources initiated after January 1, 2020 and for electrification of commercial/industrial equipment that would result in reduced carbon intensity.

c) Eligible Resource Multipliers

1. In meeting the total RPS portfolio percentage requirements, the utility shall design its RPS procurement plans with the following credit multipliers on Tier 1 and Tier 2 eligible resources to identify preference for local resources.
2. Tier 1 eligible resources shall have a credit multiplier of 1.5 toward the RPS requirement.
3. Tier 2 eligible resources shall have a credit multiplier of 1.0 toward the RPS requirement.

d) RECs and Certification Requirements

1. The utility can satisfy the RPS portfolio percentage requirements through a combination of Tier 1 and Tier 2 resources and the use of renewable energy certificates (RECs). A REC represents all of the environmental attributes from 1 MWh of electricity generated from a renewable energy resource. To the extent that the utility cannot meet the RPS requirement through Tier 1 and Tier 2 resources, the utility can satisfy the RPS requirements through the use of RECs.
2. The Council-approved methodology will be used to calculate demand-side management REC equivalents and other eligible resource REC equivalents as a credit toward RPS compliance.
3. RECs shall be certified by the Center for Resource Solutions' Green-e® certification program (Green-e). The acquisition, sale or transfer, and retirement of any renewable energy certificates used to meet renewable portfolio standards on or after January 1, 2021 must be registered with M-RETS or other equivalent REC regional tracking system to provide data necessary to substantiate and support verification and tracking of renewable energy generation.
4. RECs that are not used for compliance, sold, or otherwise transferred may be carried forward for up to 2 years.

SECTION 4: ENFORCEMENT

a) RPS Compliance Filings

1. By April 1, 2021 and April 1 of each year thereafter until 2040, and thereafter as determined necessary by the Council, the utility shall file a report to the Council on its procurement and generation of renewable energy and eligible resources during the prior calendar year and a procurement plan that includes:
    i. the cost of procurement for any new renewable energy or eligible resource in the next calendar year required to comply with the renewable portfolio standard, describing the procurement and generation of renewable energy;
    ii. the incremental cost of DSM and other eligible resource above the cost for that program/resource approved by the Council notwithstanding the RPS.
    iii. Compliance estimates identified by technology type and credit multiplier, and documented including the use of renewable energy certificates; and
    iv. a suggested procurement plan for the following year; and
    v. testimony and exhibits that demonstrate that the proposed procurement plan is the least cost plan in meeting the Council's RPS requirements, and reasonable as to its terms and conditions considering price, availability, dispatchability, any renewable energy certificate values and diversity of the renewable energy resource; or
    vi. a demonstration that the proposed procurement plan is otherwise in the public interest.
2. The Council will approve or modify the utility's procurement plan within ninety days and may approve the plan without a hearing, unless a protest is filed that demonstrates to the Council's reasonable satisfaction that a hearing is necessary. The Council may modify a plan after notice and hearing. The Council may, for good cause, extend the time to approve a procurement plan for an additional ninety days. If the Council does not act within the ninety-day period, the procurement plan is deemed approved.
3. The Council may reject a procurement plan if it finds that the plan does not contain the required information and, upon the rejection, may suspend the public utility's obligation to procure additional resources for the time necessary to file a revised plan; provided that the total amount of renewable energy to be procured by the public utility shall not change.
4. Renewable energy procurement plans and RPS reports that the utility files with the Council are also required to be made available on the utility's website.

b) Enforcement

1. If the utility fails to meet the annual RPS requirements, it shall include with its annual compliance report a notice of noncompliance. The notice of noncompliance shall provide the following information:

i. A computation of the difference between the eligible resources/RECs required and the amount actually obtained;

ii. A detailed plan describing how the utility intends to meet the shortfall from the previous calendar year, pursuant to Section 3 herein; and

iii. A detailed estimate of the costs of meeting the shortfall.

2. If the Council finds that the utility has failed to comply with its implementation plan without reasonable cause, the Council may find that the utility shall not recover the costs of meeting the shortfall in rates. Depending on the number and frequency of notices of noncompliance, the Council may also determine and apply additional penalty measures.

SECTION 5: COST RECOVERY AND BILL IMPACT LIMITATION

a) Establishment of an RPS Cost Cap

1. As a mechanism to provide ratepayer protection from unreasonable rate increases, the Council hereby establishes an RPS compliance cost cap above which level the utility shall not be required to add renewable energy to its electric energy resource portfolio pursuant to the renewable portfolio standard. The cost cap in any RPS plan year is one percent (1%) of plan year total utility retail sales revenues, beginning in 2021.

2. If the utility can support its finding that, in any given year, the cost of compliance with the renewable portfolio standard is projected to be greater than the cost cap as established by the Council's RPS, the utility shall not be required to incur costs in excess of the cost cap; provided that the existence of this condition excusing performance in any given year shall not operate to delay the annual increases in the renewable portfolio standard in subsequent years. When the utility can generate or procure renewable energy and eligible resources at or below the cost cap, it shall be required to add such resources to meet the renewable portfolio standard applicable in the year when the renewable energy resources are being added.

3. The utility may either request a waiver from its RPS requirements and/or request modifications to specific requirements, if it believes that compliance will be in excess of the rate impact cost cap.

4. If the utility desires to procure eligible resources beyond the RPS compliance cost cap, the Council will determine if it is in the public interest to encourage the utility to acquire renewable energy supplies in amounts that exceed the requirements of the renewable portfolio standard.

b) Estimating RPS Compliance Costs Relative to the Cost Cap

1. Consistent with best practices, to estimate incremental RPS compliance costs, the gross RPS compliance costs are compared to the costs to procure resources absent RPS procurement ("the counterfactual scenario" or avoided costs).

2. Specifically, the gross cost of eligible resources to achieve RPS compliance are compared to avoided costs defined as the wholesale capacity and energy (MISO) market prices shaped to match the output of the renewable energy.

3. The calculations comparing estimated compliance costs can be made over a longer time period and evaluated on an annual basis.
4. Cost mitigation measures adjusting the RPS compliance requirement and compliance costs;
    i. First, provisions in current RPS limit the potential cost of complying with the RPS. In any given year, if the cost to procure renewable energy and eligible resources is greater than the cost cap, the utility may reduce its procurement down to the cost cap percentage level. However, the condition excusing performance under the RPS in any given year may not serve as an excuse to delay procurement of sufficient resources to meet the increasing RPS compliance requirements in future years. The cost cap in any plan year is 1% of retail sales.
    ii. Second, the large customer cap also constrains the amount of renewable energy that can be procured. For non-governmental customers who consume more than 10 million kilowatt-hours (kWh) per year, renewable energy procurement is limited by 2030 so as not to exceed either 1% of the customer's annual electric charges or $80,000 by 2030, whichever is less.

ALTERNATIVE 2: Renewable and Clean Portfolio Standard ("RCPS")

SECTION 1: OVERVIEW

It is the intent of the Renewable and Clean Portfolio Standard ("RCPS") to:

a) Aggressively pursue reductions to carbon emissions to improve the health and quality of life of the citizens of New Orleans and to reduce the City's impact on climate change, which is an existential threat to the City's security.

b) Ensure that the City has a safe and reliable power supply at a reasonable cost and retain as much flexibility as possible to employ a wide range of currently known and yet to be developed zero-emissions energy technologies.

SECTION 2: DEFINITIONS

"Beneficial Electrification" means any program or process that replaces direct fossil fuel use as a source of power and heat with electricity in a way that -- when the electric utility's emissions are accounted for -- reduces overall emissions, including, but not limited to, charging infrastructure supporting electrification of motor vehicles, electrification of home and commercial appliances that use natural gas, and electrification of municipal and commercial operations that currently rely on fossil-fuel use to power equipment.

"Carbon Sequestration" means the fixation of atmospheric carbon dioxide in a carbon sink through biological or physical processes. A carbon sink is a reservoir that absorbs or takes up released carbon from another part of the carbon cycle.

"CCUS" means carbon capture, utilization and sequestration.

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"MISO-Connected Renewable Energy Resource" means a renewable energy resource that is first put into service on or after January 1, 2020 and is interconnected to transmission-level voltage within the Midwest Independent System Operator's footprint.

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"RCPS" means the Renewable and Clean Portfolio Standard.

"Renewable Energy Credit" or **"REC"** means a contractual right to the full set of non-energy attributes, including any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to a specific amount of electric energy generated from a renewable energy resource. One REC results from one MWh of electric energy generated from a renewable energy resource. To qualify for compliance purposes, RECs must meet the following conditions: (1) they were generated from a Renewable Energy Resource in MISO or that is deliverable into the MISO region; (2) they are Green-e certified and tracked with MRETS or an equivalent; (3) they are retired against the compliance requirements in the compliance year in which they were created.

"Renewable Energy Resource" means a facility that generates electricity using solar thermal, photovoltaic, wind, geothermal, fuel cell using renewable fuels, hydroelectric generation, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. For a Renewable Energy Resource to qualify for compliance purposes, any RECs associated with that resource in the compliance year must be retired.

"Retail Compliance Load" means the total jurisdictional retail sales, measured in kWh, for an electric utility during an annual period.

"Tier 1 Resource" means any resource or measure that reduces carbon emissions from existing sources within Orleans Parish, including, but not limited to, new/additional CCUS on existing fossil-fired generation resources, Beneficial Electrification, and EV charging stations.

"Tier 2 Resource" means any renewable or zero-emissions distributed generation resource in Orleans Parish, as well as any utility DSM Program or utility Conservation Program, including the Energy Smart Program and any successor thereto.

"Tier 3 Resource" means any Renewable Energy Resource or zero-emissions resource not in Orleans Parish, but that is in MISO or that is deliverable into the MISO region.

"Utility" refers to any utility providing electric service to customers in the City of New Orleans and regulated by the Council.

"Zero-Emissions Resource" means any form of generation that generates electricity without producing carbon emissions, including, but not limited to, Renewable Energy

Resources, nuclear, and fossil-fueled generators where 100% of carbon emissions are captured through CCUS.

SECTION 3: RENEWABLE AND CLEAN PORTFOLIO STANDARD

a) The Utility must meet the specified RCPS percentages of retail kWh sales with a combination of Tier 1, 2 and 3 resources as follows:

1. 2021: 62% of retail compliance kWh sales, with not more than 25% compliance through RECs.
2. 2022: 64% of retail compliance kWh sales, with not more than 25% compliance through RECs.
3. 2023: 66% of retail compliance kWh sales, with not more than 25% compliance through RECs.
4. 2024: 68% of retail compliance kWh sales, with not more than 25% compliance through RECs.
5. 2025: 70% of retail compliance kWh sales, with not more than 25% compliance through RECs.
6. 2026: 72% of retail compliance kWh sales, with not more than 25% compliance through RECs.
7. 2027: 74% of retail compliance kWh sales, with not more than 25% compliance through RECs.
8. 2028: 76% of retail compliance kWh sales, with not more than 25% compliance through RECs .
9. 2029: 78% of retail compliance kWh sales, with not more than 25% compliance through RECs.
10. 2030: 80% of retail compliance kWh sales, with not more than 20% compliance through RECs.
11. 2031: 82% of retail compliance kWh sales, with not more than 20% compliance through RECs.
12. 2032: 84% of retail compliance kWh sales, with not more than 20% compliance through RECs.
13. 2033: 86% of retail compliance kWh sales, with not more than 20% compliance through RECs.
14. 2034: 88% of retail compliance kWh sales, with not more than 20% compliance through RECs.
15. 2035: 90% of retail compliance kWh sales, with not more than 20% compliance through RECs.
16. 2036: 92% of retail compliance kWh sales, with not more than 20% compliance through RECs.

17. 2037: 94% of retail compliance kWh sales, with not more than 20% compliance through RECs.
18. 2038: 96% of retail compliance kWh sales, with not more than 20% compliance through RECs.
19. 2039: 98% of retail compliance kWh sales, with not more than 20% compliance through RECs.
20. 2040: 100% of retail compliance kWh sales, with not more than 20% compliance through RECs.
21. 2041: 100% of retail compliance kWh sales, with not more than 18% compliance through RECs.
22. 2042: 100% of retail compliance kWh sales, with not more than 16% compliance through RECs.
23. 2043: 100% of retail compliance kWh sales, with not more than 14% compliance through RECs.
24. 2044: 100% of retail compliance kWh sales, with not more than 12% compliance through RECs.
25. 2045: 100% of retail compliance kWh sales, with not more than 10% compliance through RECs.
26. 2046: 100% of retail compliance kWh sales, with not more than 8% compliance through RECs.
27. 2047: 100% of retail compliance kWh sales, with not more than 6% compliance through RECs.
28. 2048: 100% of retail compliance kWh sales, with not more than 4% compliance through RECs.
29. 2049: 100% of retail compliance kWh sales, with not more than 2% compliance through RECs.
30. 2050: 100% of retail compliance kWh sales; with 0% compliance through RECs .

b) RCPS Credit Multipliers: For years 2021 through 2040, Tier 1 resources shall be credited at a factor of 1.5 and Tier 2 at 1.25 for compliance purposes.

c) Beneficial Electrification - The Utility may count the known and measurable increase in retail electric kWh sales that is directly attributable to beneficial electrification of conversion of the use of Sewerage & Water Board fossil-fuel generators to electric service provided by the Utility or from electric vehicle charging stations as a decrement to minimum compliance load in the years 2021 through 2033.

d) To design an effective CES policy and help mitigate unintended consequences, the Council needs consider several key assumptions and considerations such as technology, system operation and physical constraints. Incorporating clean energy standards into ENO's IRP process as a portfolio strategy reflecting the Council's policies, is an important evaluation forum that considers market, economic, technical, and resource potential. Such a modified

IRP process also ensures long-term planning decisions are consistent with achieving the lowest reasonable costs for customers

SECTION 4: ENFORCEMENT

The Utility's progress toward the RPS goal shall be monitored and enforced as follows:

a) By April 1 of each calendar year, the Utility shall file a report with the Council regarding its achievement of the RPS goal for the prior calendar year and its plan for achieving the goal in the current calendar year. The report should include clear and concise information that:

    1. Either (a) demonstrates that the Utility has complied with the applicable standard under Section 3, including the submission of any RECs utilized; or (b) demonstrates the amount of kWh sales by which the Utility fails to meet the applicable standard under Section 3.

    2. An energy portfolio report for the preceding calendar year which shall identify the MWh hours produced by each supply and demand-side resource comprising the utility's resource portfolio. RECs purchased and utilized by the utility and their associated MWh, as well as MWH associated with net metering, DSM and other eligible resources, should also be included in the energy portfolio report. For each resource in the portfolio, the utility shall identify the resource name, MWh, fuel type, the average per MWh energy related cost associated with that resource, and the average per MWh energy-related revenue received from MISO for that resource. The energy portfolio report should include a calculation of the incremental cost (if any) of compliance with the RCPS over and above costs ENO would have otherwise incurred to serve its load in the preceding calendar year.

    3. In the event that the Utility fails to comply with the RCPS standard for the applicable calendar year, the Utility shall make an Alternative Compliance Payment ("ACP") into a CleanNOLA Fund established by the Council for the purposes of fostering efforts to reduce carbon emissions within Orleans Parish. The Alternative Compliance Payment shall be structured as $/kWh of shortfall and shall be based on the relative cost of eligible resources and RECs in Tier 3

    4. Recognizing that energy resources are not always perfectly sized to match load in any specific year and notwithstanding the ACP in Section 4.a)3 above, the Utility may propose and the Council may approve a plan to satisfy compliance for a block of compliance years upon demonstration that such plan is prudent, just and reasonable. The completion of such plan, as approved by the Council, shall be deemed compliance with the RCPS for the full block of compliance years so long as the target for the end of the block of compliance years is met and the RCPS compliance cost cap/ bill impact limitation for the total block of compliance years is not exceeded (except as may be approved by the Council for good cause), notwithstanding that the target for any specific compliance year within the block of compliance years may be over or under achieved and that the cost cap/bill impact limitation may be exceeded for a given year.

SECTION 5: COST RECOVERY AND BILL IMPACT LIMITATION

a) The Utility shall be allowed cost recovery for RCPS compliance as follows:

   1. The Utility shall be allowed the opportunity to recover prudently incurred costs in complying with a mandated renewable and clean portfolio standard.

   2. The Utility shall be allowed to recover the Alternative Compliance Payment if:

      i. The payment of the Alternative Compliance Fee is the least-cost measure to customers as compared to the cost of Tier 1, 2 or 3 resources, including RECs, to comply with the RCPS; or

      ii. There are fewer Tier 1, 2 or 3 resources available than are required to comply with the RCPS, as supported by the utility and confirmed by the Council's Advisors.

b) As a mechanism to provide ratepayer protection from unreasonable rate increases, the Council hereby establishes an RPS compliance cost cap above which level the utility shall not be required to add renewable energy to its electric energy resource portfolio pursuant to the renewable portfolio standard. The cost cap in any RPS plan year is one percent (1%) of plan year total utility retail sales revenues, beginning in 2021.

   1. If the utility can support its finding that, in any given year, the cost of compliance with the renewable portfolio standard is projected to be greater than the cost cap as established by the Council's RPS, the utility shall not be required to incur costs in excess of the cost cap; provided that the existence of this condition excusing performance in any given year shall not operate to delay the annual increases in the renewable portfolio standard in subsequent years. When the utility can generate or procure renewable energy and eligible resources at or below the cost cap, it shall be required to add such resources to meet the renewable portfolio standard applicable in the year when the renewable energy resources are being added.

   2. The utility may either request a waiver from its RPS requirements and/or request modifications to specific requirements, if it believes that compliance will be in excess of the rate impact cost cap.

   3. The Utility may petition the Council for authorization to exceed the bill impact/ cost cap for good cause shown. To the extent that the Council is satisfied that good cause exists to allow the Utility to exceed the cap in a specific year, and that such costs are reasonable and prudent, it may, at its discretion, authorize the Utility to exceed the rate impact cap.

SECTION 6: CLEANNOLA FUND

The Council shall establish a CleanNOLA Fund ("Fund") or the purposes of fostering the reduction of carbon emissions in Orleans Parish. The Fund shall prioritize projects designed to reduce carbon emissions from existing sources of such emissions in Orleans Parish. The Fund shall not at any time be transferred to, or lapse into, or be comingled with the General Fund of the City of New Orleans and it shall be administered by _____.

ALTERNATIVE 3: Resilient and Renewable Portfolio Standard ("R-RPS")

SECTION 1: OVERVIEW

It is the intent of the Resilient and Renewable Portfolio Standard ("R-RPS") to:

a) Strengthen New Orleans through a focus on energy resilience and local energy resources;

b) Ensure that the benefits of renewable energy are equitable, accessible, and affordable for all residents;

c) Provide new economic opportunities to communities by expanding and diversifying the energy workforce and enabling programs that reduce energy cost burdens on low-income residents; and

d) Attract and retain companies and industries that value ready access to renewable energy resources.

SECTION 2: DEFINITIONS

"Beneficial Electrification" means any program or process that replaces direct fossil fuel use as a source of power and heat with electricity in a way that -- when the electric utility's emissions are accounted for -- reduces overall emissions, including, but not limited to, charging infrastructure supporting electrification of motor vehicles, electrification of home and commercial appliances that use natural gas, and electrification of municipal and commercial operations that currently rely on fossil-fuel use to power equipment.

"Council" refers to the Council of the City of New Orleans

"Community Solar Generation Facility" or **"CSG Facility"** means a solar energy facility that meets the definition of a Community Solar Generation Facility under the Council's Community Solar Rules.

"Community Solar Program" means a program that encompasses the facilities, entities, functions and requirements implemented by the Council's Community Solar Rules.

"Community Solar Rules" means the Community Solar Rules for the Council of the City of New Orleans adopted by Council Resolution No. R-19-111 (and as modified by any subsequent Council action).

"Conservation Program" means a program in which a utility company furnishes home weatherization services free or at reduced cost or provides free or low cost devices for saving energy, such as energy efficient light bulbs, flow restrictors, weather stripping, and water heater insulation.

"Cost of Compliance" the cost of compliance with the RPS shall be the incremental costs incurred by ENO over and above the costs to serve its load that are attributable solely to the compliance with the RPS policy.

"Customer" means a retail electric customer account holder of the Utility.

"CURO" means the Council Utilities Regulatory Office.

"Demand-Side Management" or **"DSM"** means a utility action that reduces or curtails end-use equipment or processes, often used to reduce customer load during peak demand and/or in times of supply constraint.

"Distributed Energy Resource" or **"DER"** means a generator that is located close to the particular load it is intended to serve, and is operated primarily to serve that load.

"Distribution System" the portion of the transmission and facilities of an electric system that is dedicated to delivering electric energy to an end-user.

"Energy Efficiency Programs" means programs that are aimed at reducing the energy used by specific end-use devices and systems, typically without affecting the services provided. Examples include high-efficiency appliances, efficient lighting programs, high-efficiency heating, ventilating and air conditioning (HVAC) systems or control modifications, efficient building design, advanced electric motor drives, and heat recovery systems.

"Green-e" means the formal certification of RECs provided by the Center for Resource Solutions' Green-e® certification program, distinct from the tracking of RECs.

"Low-Income Customer" means a Customer whose gross annual household income is at or below 50 percent of Area Median Income for the relevant period or who is certified as eligible for any federal, state, or local assistance program that limits participation to households whose income is at or below 50 percent of Area Median Income.

"M-RETS" means the Midwest Renewable Energy Tracking System, a web-based system used by power generators, utilities, marketers, and qualified reporting entities. M-RETS registers projects in all states and provinces across North America. M-Rets tracks Renewable Energy Certificates ("RECs") and facilitates REC transactions by issuing a unique, traceable digital certificate for every megawatt-hour ("MWh") of renewable energy generated by registered units or imported into its system.

"Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that acts as a single controllable entity with respect to the grid. A microgrid can connect and disconnect from the grid to enable it to operate in both grid-connected or island mode.

"MISO" means the Midcontinent Independent System Operator, Inc.

"MISO-Connected Renewable Energy Resource" means a renewable energy resource that is first put into service on or after January 1, 2020 and is interconnected to transmission-level voltage within the Midwest Independent System Operator's footprint.

"NEM Rules" means the New Orleans Net Energy Metering Rules adopted by Council Resolution No. R-07-132 (and as modified by any subsequent Council action).

"R-RPS" means the Resilient and Renewable Portfolio Standard.

"Renewable Energy Credit" or **"REC"** means a contractual right to the full set of non-energy attributes, including any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to a specific amount of electric energy generated from a renewable energy resource. One REC results from one MWh of electric energy generated from a renewable energy resource.

"Renewable Energy Resource" means a facility that generates electricity using biomass, solar thermal, photovoltaic, wind, geothermal, fuel cell using renewable fuels, hydroelectric generation, digester gas, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. For a Renewable Energy Resource to qualify for compliance purposes, any RECs associated with that resource in the compliance year must be retired

"Resilient Energy Resource" means a renewable energy resource and any enhancement or addition to that facility, including, but not limited to, energy storage devices, automation controls, and advance inverters, which allow the renewable energy resource to operate in island-mode during electrical outages to provide emergency power to onsite facilities or facilities on a microgrid, and to operate in parallel with the electric utility's grid under normal conditions to supply some combination of electric power, frequency regulation, or other ancillary services to the electric utility's grid according to the dispatch orders or defined operational conditions of the grid operator.

"Retail Compliance Load" means the total jurisdictional retail sales, measured in kWh, for an electric utility during an annual period.

"Tier 1 Resource" means any separately-metered resilient energy resource located within Orleans Parish, (i) either on the retail customer's side of the electric meter and participating in a Council-approved program, (ii) or utility grid-connected, and (iii) operating as part of a dispatchable microgrid system.. RECs created from a Tier 1 resource must be registered with M-RETS or equivalent and retired against the compliance requirements in the compliance year in which they were created

"Tier 2 Resource" means any renewable distributed generation resource located in Orleans Parish that does not qualify as a Tier 1 resource, as well as any utility DSM Program or utility-managed Conservation Program, including the Energy Smart Program and any successor thereto. Tier 2 resources also include net energy metering, community solar, and non-Tier 1 resource customer programs that directly benefit low-income customers. The utility will seek Council approval of REC equivalents of Tier 2 resources. RECs created from a Tier 2 resource just be registered with M-RETS or equivalent, used

only for the purpose of R-RPS compliance, and retired against the compliance requirements in the compliance year in which they were created.

"Tier 3 Resource" means any renewable energy resource not located in Orleans Parish that is located in MISO or deliverable into the MISO region, and first put into service on or after January 1, 2020. RECs can be procured as a Tier 3 resource under the following conditions: (1) they were generated from a renewable energy resource that is deliverable into the MISO region; (2) they are Green-e certified and registered with M-RETS or equivalent tracking system; (3) they are retired against the R-RPS compliance requirements in the compliance year in which they were created.

"Utility" refers to any utility providing electric service to customers in the City of New Orleans and regulated by the Council.

SECTION 3: RENEWABLE AND RESILIENT ENERGY PORTFOLIO STANDARD

a) The Utility must meet the specified percentages of retail kWh sales with a combination of Tier 1, 2 and 3 resources, including credit multipliers of 1.5 for Tier 1 resources, 1.25 for Tier 2 resources, and 1.0 for Tier 3 resources, as follows:

1. 2023: 20% of retail kWh sales
2. 2025: 25% of retail kWh sales
3. 2029: 40% of retail kWh sales
4. 2033: 55% of retail kWh sales
5. 2040: 100% of retail kWh sales;

b) Beneficial Electrification - The Utility may count the known and measurable increase in retail electric kWh sales that is directly attributable to beneficial electrification of conversion of the use of Sewerage & Water Board fossil-fuel generators to electric service provided by the Utility or from electric vehicle charging stations as a decrement to minimum compliance load in the years 2021 through 2033.

SECTION 4: ENFORCEMENT

The Utility's progress toward the R-RPS goal shall be monitored and enforced as follows:

b) By April 1 of each calendar year, the Utility shall file a report with the Council regarding its achievement of the RPS goal for the prior calendar year and its plan for achieving the goal in the current calendar year. The report should include clear and concise information that:

1. Either (a) demonstrates that the Utility has complied with the applicable standard under Section 3, including compliance by resource Tiers and the submission of any RECs utilized; or (b) demonstrates the amount of kWh sales by which the Utility fails to meet the applicable standard under Section 3.

2. An energy portfolio report for the preceding calendar year which shall identify the MWh hours produced by each supply and demand-side resource comprising the utility's resource portfolio. RECs purchased and utilized by the utility and their associated MWh, as well as MWH associated with net metering, DSM and other eligible resources, should also be included in the energy portfolio report. For each resource in the portfolio, the utility shall identify the resource name, MWh, fuel type, the average per MWh energy related cost associated with that resource, and the average per MWh energy-related revenue received from MISO for that resource. This energy portfolio report should include a calculation of the incremental cost (if any) of compliance with the RPS over and above costs ENO would have otherwise incurred to serve its load in the preceding calendar year.

   In the event that the Utility fails to comply with the RPS standard for the applicable calendar year, the Utility shall make an Alternative Compliance Payment into a Public Purpose Fund established by the Council in accordance with Section 6 of these Rules within Orleans Parish. The Alternative Compliance Payment shall be based on the related cost of eligible resources and RECs in each resource Tier, and calculated as $/kWh of shortfall.

   Recognizing that energy resources are not always perfectly sized to match load in any specific year and notwithstanding the ACP in Section 4.a)3 above, the Utility may propose and the Council may approve a plan to satisfy compliance for a block of compliance years upon demonstration that such plan is prudent, just and reasonable. The completion of such plan, as approved by the Council, shall be deemed compliance with the RCPS for the full block of compliance years so long as the target for the end of the block of compliance years is met and the bill impact limitation for the total block of compliance years is not exceeded (except as may be approved by the Council for good cause), notwithstanding that the target for any specific compliance year within the block of compliance years may be over or under achieved and that the bill impact limitation may be exceeded for a given year.

SECTION 5: COST RECOVERY AND BILL IMPACT LIMITATION

c) The Utility shall be allowed cost recovery for RPS compliance as follows:

   1. The Utility shall be allowed the opportunity to recover prudently incurred costs in complying with a mandated resilient and renewable energy portfolio standard.
   2. The Utility shall be allowed to recover the Alternative Compliance Payment if:
      i. The payment of the Alternative Compliance Fee is the least-cost measure to customers as compared to the purchase of Tier 1, 2 or 3 resources to comply with the R-RPS; or
      ii. There are insufficient Tier 1, 2 or 3 resources to comply with the RPS as supported by the utility and confirmed by the Advisors.

d) The impact on total ratepayer bills shall be capped at one percent (1%) of total annual retail sales revenue.

1. To the extent that the Utility demonstrates to the Council's satisfaction that it is unable to comply with the R-RPS without exceeding the compliance cap, the Utility shall be excused from compliance in the relevant year.
2. To the extent that the Alternative Compliance Payment would cause the Utility to exceed the R-RPS compliance cap, the Alternative Compliance Payment shall be reduced to an amount that does not cause the Utility to exceed the cap.
3. The Utility may petition the Council for authorization to exceed the bill impact cap for good cause shown. To the extent that the Council is satisfied that good cause exists to allow the Utility to exceed the compliance cap in a specific year, and that such costs are reasonable and prudent, it may, at its discretion, authorize the Utility to exceed the rate impact cap.

SECTION 6: ESTABLISHMENT OF A PUBLIC PURPOSE FUND

By January 1. 2023, the Utility shall establish a Public Purpose Fund account for purposes of allocating funding to R-RPS programs specifically dedicated to benefit low-income customers. The fund will provide financial supports or additional incentives to encourage participation of qualifying low-income households in R-RPS Tier 1 and Tier 2 programs to ensure equitable sharing of the benefits of those programs.

The account may be funded through various mechanisms including Alternative Compliance Payments and a Public Purpose Charge, to be instituted by the Council, which may be funded based on kWh retail sales. The Council may set an appropriate budget for the charge.

The Council may also utilize revenues from the Public Purpose Charge to establish a "Green Banks" or other community-based financial services entity to provide credit enhancements and other financing assistance to enable low-income and credit-stressed households to have ownership of Tier 1 and Tier 2 projects. The Public Purpose Charge shall not be counted as an incremental cost of the R-RPS for purposes of determining compliance with retail cost caps. The Council may exempt low-income households from the public purpose charge. The Council shall establish which City office shall manage the Fund.